QuickLinks -- Click here to rapidly navigate through this document

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE TO

(Rule 14d-100)

Tender Offer Statement Under Section 14(d)(1) or Section 13(e)(1) of the Securities Exchange Act of 1934

LAUNCH MEDIA, INC.

(Name of Subject Company)

JEWEL ACQUISITION CORPORATION

a wholly owned subsidiary of Yahoo! Inc.

and

YAHOO! INC.

(Names of Filing Persons (Offerors))

COMMON STOCK, PAR VALUE $0.001 PER SHARE

(Title of Class of Securities)

518567 10 2

(CUSIP Number of Class of Securities)

Susan L. Decker
Senior Vice President, Finance and Administration and Chief Financial Officer
Yahoo! Inc.
701 First Avenue
Sunnyvale, California 94089
Telephone: (408) 349-3300

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications on Behalf of Filing Persons)

Copies to:

Michael J. Callahan
Deputy General Counsel
Yahoo! Inc.
701 First Avenue
Sunnyvale, California 94089
Telephone: (408) 349-3300

Steven J. Tonsfeldt
David R. Young
Kristen D. Kercher
Venture Law Group
A Professional Corporation
2800 Sand Hill Road
Menlo Park, California 94025
Telephone: (650) 854-4488

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee*
$12,448,573.36	$2,490

*

For purposes of calculating amount of filing fee only. This amount assumes the purchase of 13,531,058 shares of common stock of Launch Media, Inc. outstanding as of June 30, 2001 at a purchase price of $0.92 per share. The amount of the filing fee calculated in accordance with Rule 0-11 of the Securities Exchange Act of 1934, as amended, equals 1/50 of 1% of the transaction value.

/

/ Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not applicable.
Form or Registration No.: Not applicable.
Filing party: Not applicable.
Date filed: Not applicable.

/
/ Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

/x/
third-party tender offer subject to Rule 14d-1.

/
/ issuer tender offer subject to Rule 13e-4.

/
/ going-private transaction subject to Rule 13e-3.

/
/ amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: / /

Item 1. Summary Term Sheet.

The information set forth in the section of the Offer to Purchase filed as Exhibit (a)(1)(A) (the "*Offer to Purchase*") entitled "Summary Term Sheet" is incorporated herein by reference.

Item 2. Subject Company Information.

(a) The name of the subject company is Launch Media, Inc., a Delaware corporation (the "*Company*"), and the address of its principal executive offices is 2700 Pennsylvania Avenue, Santa Monica, California 90404. The telephone number of the Company at its principal executive offices is (310) 526-4300.

(b) This Statement relates to an offer by Jewel Acquisition Corporation, a Delaware corporation (the "*Purchaser*") and a wholly owned subsidiary of Yahoo! Inc., a Delaware corporation ("*Yahoo!*"), to purchase all of the outstanding shares of common stock of the Company, par value $0.001 per share (the "*Shares*"), at a purchase price of $0.92 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase and the related Letter of Transmittal, copies of which are attached hereto as Exhibits (a)(l)(A) and (a)(1)(B), respectively (which are herein collectively referred to as the "*Offer*"). The information set forth in the "Introduction" of the Offer to Purchase is incorporated herein by reference.

(c) The information concerning the principal market in which the Shares are traded and certain high and low closing sales prices for the Shares in such principal market are set forth in "Price Range of the Shares" in the Offer to Purchase and is incorporated herein by reference.

Item 3. Identity and Background of the Filing Person.

The information set forth in "Certain Information Concerning Yahoo! and the Purchaser" and Schedule I in the Offer to Purchase is incorporated herein by reference.

Item 4. Terms of the Transaction.

The information set forth under "Introduction," "Acceptance for Payment and Payment," "Terms of the Offer," "Procedure for Tendering Shares," "Withdrawal Rights," "Certain Federal Income Tax Considerations" and "Background of the Offer; Purpose of the Offer and the Merger; the Merger Agreement and Certain Other Agreements" and "Plans for the Company; Other Matters" in the Offer to Purchase is incorporated herein by reference.

Item 5. Past Contacts, Transactions, Negotiations and Agreements.

The information set forth in "Background of the Offer; Purpose of the Offer and the Merger; the Merger Agreement and Certain Other Agreements," "Certain Information Concerning the Company," "Certain Information Concerning Yahoo! and the Purchaser" and "Plans for the Company; Other Matters" in the Offer to Purchase is incorporated herein by reference.

Item 6. Purpose of the Tender Offer and Plans or Proposals.

The information set forth in "Introduction," "Background of the Offer; Purpose of the Offer and the Merger; the Merger Agreement and Certain Other Agreements," "Plans for the Company; Other Matters," and "Effect of the Offer on the Market for the Shares; Stock Listing; Exchange Act Registration; Margin Regulations" in the Offer to Purchase is incorporated herein by reference.

Item 7. Source and Amount of Funds or Other Consideration.

The information set forth in "Source and Amount of Funds" in the Offer to Purchase is incorporated herein by reference.

Item 8. Interest in Securities of the Subject Company.

The information set forth in "Introduction," "Certain Information Concerning the Company," "Certain Information Concerning Yahoo! and the Purchaser," "Background of the Offer; Purpose of the Offer and the Merger; the Merger Agreement and Certain Other Agreements" and Schedule I in the Offer to Purchase is incorporated herein by reference.

Item 9. Persons/Assets, Retained, Employed, Compensated or Used.

The information set forth in "Introduction" and "Fees and Expenses" in the Offer to Purchase is incorporated herein by reference.

Item 10. Financial Statements.

Not applicable.

Item 11. Additional Information.

The information set forth in "Certain Information Concerning Yahoo! and the Purchaser" and "Certain Legal Matters" of the Offer to Purchase is incorporated herein by reference.

Item 12. Exhibits.

Exhibit No.	Exhibit Name
(a)(1)(A)	Offer to Purchase, dated July 12, 2001.
(a)(1)(B)	Form of Letter of Transmittal.
(a)(1)(C)	Form of Notice of Guaranteed Delivery.
(a)(1)(D)	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(1)(E)	Form of Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(1)(F)	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
(a)(5)	Summary Advertisement as published in the Wall Street Journal on July 12, 2001.
(d)(1)	Agreement and Plan of Merger dated as of June 27, 2001 among the Company, Yahoo! and the Purchaser. (incorporated by reference to Exhibit 1 to the Schedule 13D filed by Yahoo! with respect to shares of the Company's common stock on July 9, 2001)
(d)(2)	Stockholders Agreement dated as of June 27, 2001 among Yahoo!, the Purchaser and certain stockholders of the Company set forth on Schedule 1 to the Stockholders Agreement. (incorporated by reference to Exhibit 2 to the Schedule 13D filed by Yahoo! with respect to shares of the Company's common stock on July 9, 2001)
(d)(3)	Stockholders Agreement dated as of June 27, 2001 among Yahoo!, the Purchaser and certain stockholders of the Company set forth on Schedule 1 to the Stockholders Agreement. (incorporated by reference to Exhibit 3 to the Schedule 13D filed by Yahoo! with respect to shares of the Company's common stock on July 9, 2001)
(d)(4)	Employment Agreement dated as of June 27, 2001 between the Company and Robert D. Roback.
(d)(5)	Employment Agreement dated as of June 27, 2001 between the Company and David B. Goldberg.
(d)(6)	Noncompetition Agreement dated as of June 27, 2001 between Yahoo! and Robert D. Roback.
(d)(7)	Noncompetition Agreement dated as of June 27, 2001 between Yahoo! and David B. Goldberg.
(d)(8)	Loan and Security Agreement dated as of May 25, 2001 between Yahoo! and the Company.
(d)(9)	Intellectual Property Security Agreement dated as of May 25, 2001 between Yahoo! and the Company.
(d)(10)	Secured Promissory Note dated May 25, 2001 payable by the Company to Yahoo!.
(d)(11)	Secured Promissory Note dated June 28, 2001 payable by the Company to Yahoo!.
(d)(12)	Secured Promissory Note dated July 2, 2001 payable by the Company to Yahoo!.
(d)(13)	First Amendment to Loan and Security Agreement dated June 27, 2001 between Yahoo! and the Company.
(d)(14)	Confidentiality Agreement dated April 27, 2000 between the Company and Yahoo!.
(d)(15)	Side Letter to Confidentiality Agreement dated July 2, 2001 between the Company and Yahoo!.

Item 13. Information Required by Schedule 13E-3.

Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

JEWEL ACQUISITION CORPORATION

By: /s/ JEFFREY MALLETT

Name: Jeffrey Mallett

Title: President

YAHOO! INC.

By: /s/ JEFFREY MALLETT

Name: Jeffrey Mallett

Title: President and Chief Operating Officer

Dated: July 12, 2001

EXHIBIT INDEX

Exhibit No.	Exhibit Name
(a)(1)(A)	Offer to Purchase, dated July 12, 2001.
(a)(1)(B)	Form of Letter of Transmittal.
(a)(1)(C)	Form of Notice of Guaranteed Delivery.
(a)(1)(D)	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(1)(E)	Form of Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(1)(F)	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
(a)(5)	Summary Advertisement as published in the Wall Street Journal on July 12, 2001.
(d)(1)	Agreement and Plan of Merger dated as of June 27, 2001 among the Company, Yahoo! and the Purchaser. (incorporated by reference to Exhibit 1 to the Schedule 13D filed by Yahoo! with respect to shares of the Company's common stock on July 9, 2001)
(d)(2)	Stockholders Agreement dated as of June 27, 2001 among Yahoo!, the Purchaser and certain stockholders of the Company set forth on Schedule 1 to the Stockholders Agreement. (incorporated by reference to Exhibit 2 to the Schedule 13D filed by Yahoo! with respect to shares of the Company's common stock on July 9, 2001)
(d)(3)	Stockholders Agreement dated as of June 27, 2001 among Yahoo!, the Purchaser and certain stockholders of the Company set forth on Schedule 1 to the Stockholders Agreement. (incorporated by reference to Exhibit 3 to the Schedule 13D filed by Yahoo! with respect to shares of the Company's common stock on July 9, 2001)
(d)(4)	Employment Agreement dated as of June 27, 2001 between the Company and Robert D. Roback.
(d)(5)	Employment Agreement dated as of June 27, 2001 between the Company and David B. Goldberg.
(d)(6)	Noncompetition Agreement dated as of June 27, 2001 between Yahoo! and Robert D. Roback.
(d)(7)	Noncompetition Agreement dated as of June 27, 2001 between Yahoo! and David B. Goldberg.
(d)(8)	Loan and Security Agreement dated as of May 25, 2001 between Yahoo! and the Company.
(d)(9)	Intellectual Property Security Agreement dated as of May 25, 2001 between Yahoo! and the Company.
(d)(10)	Secured Promissory Note dated May 25, 2001 payable by the Company to Yahoo!.
(d)(11)	Secured Promissory Note dated June 28, 2001 payable by the Company to Yahoo!.
(d)(12)	Secured Promissory Note dated July 2, 2001 payable by the Company to Yahoo!.
(d)(13)	First Amendment to Loan and Security Agreement dated June 27, 2001 between Yahoo! and the Company.
(d)(14)	Confidentiality Agreement dated April 27, 2000 between the Company and Yahoo!.
(d)(15)	Side Letter to Confidentiality Agreement dated July 2, 2001 between the Company and Yahoo!.

QuickLinks

SIGNATURE
EXHIBIT INDEX

QuickLinks -- Click here to rapidly navigate through this document

Offer to Purchase for Cash
All Outstanding Shares of Common Stock
of
Launch Media, Inc.
at
$0.92 Net Per Share
by
Jewel Acquisition Corporation
a wholly owned subsidiary of
Yahoo! Inc.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, AUGUST 8, 2001, UNLESS THE OFFER IS EXTENDED

July 12, 2001

THE OFFER IS BEING MADE PURSUANT TO AN AGREEMENT AND PLAN OF MERGER, DATED AS OF JUNE 27, 2001 (THE "*MERGER AGREEMENT*"), BY AND AMONG YAHOO! INC. ("*YAHOO!*"), JEWEL ACQUISITION CORPORATION (THE "*PURCHASER*") AND LAUNCH MEDIA, INC. (THE "*COMPANY*"). THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN, PRIOR TO THE EXPIRATION OF THE OFFER, THAT NUMBER OF SHARES WHICH, WHEN ADDED TO THE SHARES THEN OWNED BY YAHOO! AND THE PURCHASER, IF ANY, REPRESENTS AT LEAST A MAJORITY OF THE SHARES OF COMMON STOCK OF THE COMPANY OUTSTANDING ON A FULLY DILUTED BASIS ON THE DATE OF PURCHASE (THE "*MINIMUM CONDITION*") AND THE OTHER CONDITIONS SET FORTH IN THIS OFFER TO PURCHASE. SEE SECTION 14. AS USED HEREIN, "*FULLY DILUTED BASIS*" TAKES INTO ACCOUNT THE CONVERSION OR EXERCISE OF ALL OUTSTANDING OPTIONS AND OTHER RIGHTS AND SECURITIES EXERCISABLE OR CONVERTIBLE INTO SHARES OF COMMON STOCK THAT COULD VEST WITHIN 90 DAYS OF THE DATE OF DETERMINATION AND HAVE A CONVERSION OR EXERCISE PRICE PER SHARE LESS THAN THE OFFER PRICE.

THE BOARD OF DIRECTORS OF THE COMPANY HAS UNANIMOUSLY APPROVED THE MERGER AGREEMENT, AND DETERMINED THAT THE OFFER AND THE MERGER (AS SUCH TERMS ARE DEFINED HEREIN) ARE FAIR TO AND IN THE BEST INTERESTS OF THE STOCKHOLDERS OF THE COMPANY, AND HAS UNANIMOUSLY RECOMMENDED THAT STOCKHOLDERS OF THE COMPANY ACCEPT THE OFFER AND TENDER THEIR SHARES (AS DEFINED HEREIN) PURSUANT TO THE OFFER.

IMPORTANT

Any stockholder who desires to tender all or any portion of such stockholder's Shares should either (i) complete and sign the Letter of Transmittal (or a manually signed facsimile thereof) in accordance with the instructions in the Letter of Transmittal, mail or deliver it and any other required documents to the Depositary (as defined herein) and either deliver the certificates for such Shares to the Depositary or tender such Shares pursuant to the procedures for book-entry transfer set forth in Section 3 or (ii) request such stockholder's broker, dealer, commercial bank, trust company or other nominee to effect the transaction for such stockholder. Any stockholder whose Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such person to tender their Shares.

Any stockholder who desires to tender Shares and whose certificates representing such Shares are not immediately available, or who cannot comply with the procedures for book-entry transfer on a timely basis, may tender such Shares by following the procedures for guaranteed delivery set forth in Section 3.

Questions and requests for assistance may be directed to the Information Agent (as defined herein) at the address or telephone number set forth on the back cover of this Offer to Purchase. Requests for additional copies of this Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to the Information Agent or to brokers, dealers, commercial banks or trust companies. A stockholder also may contact brokers, dealers, commercial banks or trust companies for assistance concerning the Offer.

TABLE OF CONTENTS

SUMMARY TERM SHEET

Jewel Acquisition Corporation is offering to purchase all of the outstanding shares of common stock of Launch Media, Inc. for $0.92 per share in cash. The following are some of the questions you, as a stockholder of Launch Media, Inc., may have and answers to those questions. We urge you to carefully read the remainder of this Offer to Purchase because the information in this summary is not complete and additional important information is contained in the remainder of this Offer to Purchase and the Letter of Transmittal. Questions or requests for assistance may be directed to the Information Agent at its address and telephone number on the back cover of this Offer to Purchase.

Who is offering to buy my securities?

Our name is Jewel Acquisition Corporation. We are a Delaware corporation formed for the purpose of effecting an acquisition such as the offer and the merger. We are a wholly owned subsidiary of Yahoo! Inc., a Delaware corporation. Yahoo! is a global Internet communications, commerce and media company that offers a comprehensive branded network of services. Yahoo!'s common stock is listed on the Nasdaq National Market under the symbol "YHOO." The principal offices of Yahoo! are located at 701 First Avenue, Sunnyvale, California 94089 and its telephone number is (408) 349-3300. See Section 9—"Certain Information Concerning Yahoo! and the Purchaser."

What are the classes and amounts of securities sought in the offer?

We are seeking to purchase all of the outstanding shares of common stock of Launch Media, Inc. See the "Introduction" and Section 1—"Terms of the Offer."

How much are you offering to pay and what is the form of payment?

We are offering to pay $0.92 per share, net to you, in cash. If you are the record owner of your shares and you tender your shares to us in the offer, you will not have to pay brokerage fees or similar expenses. See the "Introduction" and Section 1—"Terms of the Offer."

Do you have the financial resources to make payment?

Yahoo! Inc., our parent company, will provide us with sufficient funds to purchase all shares validly tendered and not withdrawn in the offer and to effect the merger which is expected to follow the successful completion of the offer (as discussed below). See Section 10—"Source and Amount of Funds."

Is your financial condition relevant to my decision to tender in the offer?

We do not believe that our financial condition is relevant to your decision to tender in the offer because the form of payment consists solely of cash, and Yahoo! Inc., our parent company, has sufficient cash resources for the purchase of all shares validly tendered and not withdrawn in the offer, and also because of the lack of any relevant historical information concerning us. The offer is not subject to any financing condition.

How long do I have to decide whether to tender in the offer?

You will have at least until 12:00 midnight, New York City time, on Wednesday, August 8, 2001, to tender your shares in the offer. If you cannot deliver everything that is required in order to make a valid tender by that time, you may be able to use a guaranteed delivery procedure, which is described in Section 3 of this Offer to Purchase. See Section 3—"Procedure for Tendering Shares."

Can the offer be extended and under what circumstances?

The offer can be extended for varying lengths of time depending on the circumstances. Specifically, in our discretion, we may extend the expiration date of the offer for one or more periods of up to an aggregate of 15 business days from August 8, 2001 if specified conditions to the offer have not been

satisfied or waived. In addition, following the expiration date of the offer, we may in our discretion include a subsequent offering period of from 3 to 20 business days as provided under Rule 14d-11 of the Securities Exchange Act of 1934, as amended. Finally, we may extend the expiration date of the offer to the extent required under the federal securities laws. See the "Introduction" and Section 1—"Terms of the Offer."

How will I be notified if the offer is extended?

If we extend the offer, we will inform U.S. Stock Transfer Corporation (which is the depositary for the offer) of that fact and will issue a press release no later than 9:00 a.m., New York City time, on the business day after the day on which the offer was previously scheduled to expire. See Section 1—"Terms of the

Offer."

What are the most significant conditions to the offer?

We are not obligated to purchase any shares which are validly tendered and not withdrawn before the expiration of the offer unless that number of shares, when added to the shares then owned by us or our parent company, Yahoo! Inc., if any, represents at least a majority of the shares of common stock of Launch Media, Inc. outstanding on a fully diluted basis. When we use the term "fully diluted basis" we mean the number of shares of Launch Media, Inc. common stock outstanding, together with the shares of common stock which Launch Media, Inc. may be required to issue upon the conversion of certain convertible securities or upon the exercise of any option, warrant or right to purchase shares of Launch Media, Inc. common stock that could vest within 90 days of the date of determination and which have an exercise or conversion price per share less than the Offer Price. The offer is also subject to a number of other conditions. See the "Introduction," Section 1—"Terms of the Offer," and Section 14—"Conditions of the Offer."

How do I tender my shares?

To tender your shares in the offer, you must:

- complete and sign the accompanying Letter of Transmittal (or a manually signed facsimile of the Letter of Transmittal) in accordance with the instructions in the Letter of Transmittal and mail or deliver it together with your share certificates, and any other required documents to U.S. Stock Transfer Corporation; or
- tender your shares pursuant to the procedure for book-entry transfer set forth in Section 3; or
- if your share certificates are not immediately available or if you cannot deliver your share certificates, and any other required documents, to U.S. Stock Transfer Corporation prior to the expiration of the offer, or you cannot complete the procedure for delivery by book-entry transfer on a timely basis, you may still tender your shares if you comply with the guaranteed delivery procedures described in Section 3. See section 3 —"Procedure for Tendering Shares."

Until what time may I withdraw previously tendered shares?

You may withdraw shares at any time until the offer has expired. If we have not agreed to accept your shares for payment by Monday, September 10, 2001, you can withdraw them at any time after such time until we accept them for payment. This right to withdraw will not apply to any subsequent offering period discussed in Section 1. See Section 4—"Withdrawal Rights."

How do I withdraw previously tendered shares?

To withdraw shares, you must deliver a written notice of withdrawal, or a facsimile of one, with the required information to the depositary while you still have the right to withdraw the shares. See Section 4—"Withdrawal Rights."

What does the Board of Directors of Launch Media, Inc. think of the offer?

We are making the offer pursuant to the Merger Agreement with Launch Media, Inc. The board of directors of Launch Media, Inc. has unanimously approved the Merger Agreement, our tender offer and the proposed merger of us with and into Launch Media, Inc. The board of directors of Launch Media, Inc. also has unanimously determined that the Merger Agreement, the tender offer and the proposed merger are in the best interests of its stockholders and has recommended in a Solicitation/Recommendation Statement on Schedule 14D-9 filed with the Securities and Exchange Commission that its stockholders tender their shares in our tender offer. See the "Introduction."

Have any stockholders agreed to tender their shares?

Yes. The directors, officers and certain major stockholders of Launch Media, Inc. have agreed to tender all of their shares of Launch Media, Inc. common stock, representing in total approximately 27% of Launch Media, Inc.'s outstanding common stock. Each of these stockholders has also agreed to vote in favor of the merger and against any competing acquisition agreement. See Section 11—"Background of the Offer; Purpose of the Offer and the Merger; The Merger Agreement and Certain Other Agreements."

Will Launch Media, Inc. continue as a public company?

No. If the merger takes place, Launch Media, Inc. no longer will be publicly owned. Even if the merger does not take place, if we purchase all of the tendered shares, there may be so few remaining stockholders and publicly held shares that Launch Media, Inc. common stock will no longer be eligible to be traded through the Nasdaq National Market or any other securities exchange, there may not be a public trading market for the shares and Launch Media, Inc. may no longer be required to make filings with the SEC or to otherwise comply with the SEC rules relating to publicly held companies. See Section 7—"Effect of the Offer on the Market for Shares; Stock Listing; Exchange Action Registration; Margin Regulations."

Will the tender offer be followed by a merger if all of the Launch Media, Inc. shares are not tendered in the offer?

If, subject to the terms and conditions set forth in the Merger Agreement, we accept for payment and pay for a majority of the outstanding shares of Launch Media, Inc. on a fully diluted basis, we will merge with and into Launch Media, Inc. If that merger takes place, Yahoo! Inc. will own all of the outstanding shares of Launch Media, Inc., and all remaining stockholders of Launch Media, Inc. (other than us and Yahoo! Inc.) will receive $0.92 per share in cash or any other higher price per share which may be paid in the offer, (subject to the applicable withholding tax), without interest. See the "Introduction."

If I decide not to tender, how will the offer affect my shares?

If the merger described above takes place, stockholders not tendering their shares in the offer will receive the same amount of cash per share which they would have received had they tendered their shares in the offer. Therefore, if the merger takes place, the only differences to you between tendering your shares and not tendering your shares are that (i) you will be paid earlier if you tender your shares and (ii) in connection with the merger, if you did not tender your shares you may have dissenters'

rights under Delaware corporate law. However, if the merger does not take place because less than a majority of the shares have been tendered, but we decide to purchase the shares tendered anyway, the number of stockholders and of shares of Launch Media, Inc. which are still in the hands of the public may be so small that there may no longer be an active public trading market (or, possibly, any public trading market) for the Launch Media, Inc. common stock. Also, as described above, Launch Media, Inc. may no longer be required to make filings with the SEC or to otherwise comply with the SEC rules relating to publicly held companies. See Section 7—"Effect of the Offer on the Market for Shares; Stock Listing; Exchange Act Registration; Margin Regulations."

What is the market value of my shares as of a recent date?

On June 27, 2001, the last full trading day before we announced the signing of the Merger Agreement, the tender offer and the subsequent merger, the last reported sale price of Launch Media, Inc. common stock on the Nasdaq National Market was $0.58 per share of common stock. On July 11, 2001, the last full trading day before the commencement of the offer, the last reported sale price of Launch Media, Inc. common stock on the Nasdaq National Market was $0.90 per share of common stock. We advise you to obtain a recent quotation for shares of Launch Media, Inc. common stock in connection with deciding whether to tender your shares. See Section 6—"Price Range of the Shares."

What are the United States federal income tax considerations of tendering shares in the offer?

The receipt of cash for shares pursuant to the offer or the merger will be taxable for United States federal income tax purposes and possibly for state, local and foreign income tax purposes as well. See Section 5—"Certain Federal Income Tax Considerations."

Who can I talk to if I have questions about the tender offer?

You can call Georgeson Shareholder Communications, Inc. collect at (201) 896-1900 (banks and brokers) or toll free at (888) 386-7659 (all others). See the back cover of this Offer to Purchase.

To the Holders of Common Stock of Launch Media, Inc.:

INTRODUCTION

Jewel Acquisition Corporation, a Delaware corporation (the "*Purchaser*") and a wholly owned subsidiary of Yahoo! Inc., a Delaware corporation ("*Yahoo!*"), hereby offers to purchase all of the outstanding shares (the "*Shares*") of common stock, $0.001 par value per share ("*Common Stock*"), of Launch Media, Inc., a Delaware corporation (the "*Company*"), at a price of $0.92 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in this Offer to Purchase and the related Letter of Transmittal (which, together with any amendments or supplements hereto or thereto, collectively constitute the "*Offer*"). Tendering stockholders will not be obligated to pay brokerage fees or commissions or, except as set forth in Instruction 6 of the Letter of Transmittal, transfer taxes on the sale of Shares pursuant to the Offer. The Purchaser will pay all fees and expenses incurred in connection with the Offer of Georgeson Shareholder Communications, Inc., which is acting as the information agent in connection with the Offer (the "*Information Agent*"), and U.S. Stock Transfer Corporation, which is acting as the depositary in connection with the Offer (the "*Depositary*").

The Offer is conditioned upon, among other things, there being validly tendered and not withdrawn prior to the expiration of the Offer, that number of Shares which when added to the Shares then owned by Yahoo! and the Purchaser, if any, represents a majority of the Shares outstanding on a fully diluted basis on the date of purchase (the "*Minimum Condition*"). See Section 14.

The Offer is being made pursuant to an Agreement and Plan of Merger dated as of June 27, 2001 by and among Yahoo!, the Purchaser and the Company (the "*Merger Agreement*"), pursuant to which, as soon as practicable after the completion of the Offer and the satisfaction or waiver, if permissible, of all conditions to the Merger (as defined below), the Purchaser will be merged with and into the Company and the separate corporate existence of the Purchaser will thereupon cease. The merger of the Purchaser with and into the Company, effected as described in the immediately preceding sentence, is referred to herein as the "*Merger*," and the Company as the surviving corporation of the Merger is sometimes herein referred to as the "*Surviving Corporation*." At the effective time of the Merger (the "*Effective Time*"), each share of Common Stock then outstanding (other than shares held by Yahoo!, the Purchaser or any other wholly owned subsidiary of Yahoo!) will be cancelled and retired and converted into the right to receive $0.92 per Share or any higher price per Share paid in the Offer (such price being referred to herein as the "*Offer Price*"), in cash payable to the holder thereof without interest (the "*Merger Consideration*"). The Merger Agreement is more fully described in Section 11.

As used in this Offer to Purchase, "fully diluted basis" takes into account the conversion or exercise of all outstanding options and other rights and securities exercisable or convertible into shares of Common Stock that could vest within 90 days of the date of determination and have a conversion or exercise price less than the Offer Price. The Company has informed the Purchaser that, as of June 21, 2001, there were (i) 13,531,058 Shares issued and outstanding; (ii) outstanding options to purchase an aggregate of 2,236,455 shares of Common Stock under the Company's stock option plans (32,400 of which have an exercise price of less than $0.92 per share, none of which will be vested prior to December 31, 2001 other than in connection with the consummation of the Merger, as described below); and (iii) outstanding warrants to purchase an aggregate of 946,496 shares of Common Stock (none of which have an exercise price of less than $0.92 per share). Accordingly the Company's outstanding stock options and warrants will generally be disregarded for purposes of any "fully diluted basis" calculation under the Merger Agreement. The Merger Agreement provides that the Company will not, without the prior written consent of Yahoo!, issue any additional shares of capital stock of the Company or other securities or rights convertible or exercisable for shares of capital stock of the Company, other than upon exercise of outstanding stock options or warrants or in accordance with the Company's employee stock purchase plan. Based on the foregoing, assuming that no options or warrants with exercise prices of greater than $0.92 per share will be exercised, and prior to any issuance

of Common Stock pursuant to the Company's 1999 Employee Stock Purchase Plan, the Purchaser believes that the Minimum Condition would be satisfied if approximately 6,765,530 Shares are validly tendered and not withdrawn prior to the expiration of the Offer.

As a condition and inducement to Yahoo! and the Purchaser entering into the Merger Agreement and incurring the liabilities therein, certain stockholders of the Company (each, a "*Stockholder*"), including David B. Goldberg, Chairman and Chief Executive Officer of the Company, and Robert D. Roback, President of the Company, who collectively hold dispositive power with respect to an aggregate of 3,657,912 Shares, concurrently with the execution and delivery of the Merger Agreement entered into Stockholders Agreements, each dated as of June 27, 2001 (each, a "*Stockholder Agreement*" and together, the "*Stockholders Agreements*"), with Yahoo! and the Purchaser. Pursuant to the Stockholders Agreements, the Stockholders have agreed, among other things, to tender the Shares held by them in the Offer and to grant to Yahoo! a proxy with respect to the voting of such Shares in favor of the Merger upon the terms and subject to the conditions set forth therein. In addition, in the Stockholders Agreements, each Stockholder has granted Yahoo! an option (the "*Stockholder Option*") to purchase all Shares beneficially owned or controlled by such Stockholder as of the date of the Stockholders Agreements, or beneficially owned or controlled by such Stockholder at any time thereafter (including, without limitation, Shares acquired by way of exercise of options, warrants or other rights to purchase shares of Common Stock) at an exercise price per share equal to the Offer Price, subject to certain conditions.

THE BOARD OF DIRECTORS OF THE COMPANY HAS UNANIMOUSLY (I) APPROVED THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING THE OFFER AND THE MERGER, (II) DETERMINED THAT THE OFFER AND MERGER ARE ADVISABLE AND FAIR TO, AND IN THE BEST INTERESTS OF, THE COMPANY AND ITS STOCKHOLDERS, AND (III) DETERMINED TO RECOMMEND THAT THE STOCKHOLDERS OF THE COMPANY ACCEPT THE OFFER, TENDER THEIR SHARES TO THE PURCHASER PURSUANT TO THE OFFER AND, IF NECESSARY, APPROVE AND ADOPT THE MERGER AND THE MERGER AGREEMENT.

Credit Suisse First Boston Corporation ("*CSFB*"), the Company's financial advisor, has delivered to the Company's board of directors its written opinion (the "*Fairness Opinion*"), dated as of June 27, 2001, to the effect that, as of such date and based upon and subject to the matters stated in the Fairness Opinion, the cash consideration of $0.92 per share of Common Stock to be received by stockholders of the Company in the Offer and the Merger is fair, from a financial point of view, to such stockholders. The Fairness Opinion is set forth in full as Annex B to the Company's Solicitation/Recommendation Statement on Schedule 14D-9 (the "*Schedule 14D-9*") that is being mailed to stockholders of the Company. Stockholders are urged to carefully read the opinion in its entirety for a description of the assumptions made, matters considered and limitations of the review undertaken by CSFB.

The Merger Agreement provides that the initial scheduled expiration date of the Offer shall be not later than the 20th business day after the date the Offer is commenced (the "*Initial Expiration Date*"). If, as of the Initial Expiration Date, the Merger Agreement is still in effect, Yahoo! and the Purchaser are not in material breach of the Merger Agreement and all conditions to the Offer shall not have been satisfied or waived, the Merger Agreement provides that the Purchaser may, without the consent of the Company, extend the expiration date of the Offer for the shortest additional periods that the Purchaser reasonably believes are necessary to satisfy all such conditions to the Offer, up to an aggregate of an additional 15 business days. The Merger Agreement also provides that the Purchaser may, without the consent of the Company, following the Expiration Date (as defined herein), provide for a subsequent offer period of from 3 to 20 additional business days (the "*Subsequent Offering Period*") in accordance with Rule 14d-11 of the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"). Rule 14d-11 permits the Purchaser, subject to certain conditions, to provide a

Subsequent Offering Period following the Expiration Date. A Subsequent Offering Period is an additional period of time from three to 20 business days in length, beginning after the Purchaser purchases Shares tendered in the Offer, during which time stockholders may tender, but not withdraw, their Shares and receive the Offer Price. Pursuant to Rule 14d-7 under the Exchange Act, no withdrawal rights apply to Shares tendered during a Subsequent Offering Period and no withdrawal rights apply during the Subsequent Offering Period with respect to Shares tendered in the Offer and accepted for payment. During a Subsequent Offering Period, the Purchaser would promptly purchase and pay for all Shares tendered at the same price paid in the Offer.

Notwithstanding the foregoing, the Purchaser may, without the consent of the Company, extend the Offer for any period required by any rule, regulation or interpretation of the Securities and Exchange Commission (the "*Commission*") or the staff thereof applicable to the Offer. In addition, the Purchaser may increase the Offer Price and extend the expiration date of the Offer to the extent required by law in connection with such increase, in each case in its sole discretion and without the Company's consent. The Purchaser shall not decrease the Offer Price, change the form of consideration payable in the Offer, decrease the number of Shares sought in the Offer, impose additional conditions to the Offer, or amend any other condition of the Offer in any manner adverse to the holders of the Shares without the prior written consent of the Company (such consent to be authorized by the Company's board of directors or a duly authorized committee thereof). Subject to the terms and conditions of the Offer and the Merger Agreement, the Purchaser shall accept for payment and pay for, in accordance with the terms of the Offer, all Shares validly tendered and not withdrawn pursuant to the Offer promptly after the expiration of the Offer.

Consummation of the Merger is conditioned upon, among other things, the approval and adoption of the Merger Agreement by the requisite vote of the stockholders of the Company, if required by applicable law in order to consummate the Merger. See Section 11. Under the Delaware General Corporate Law ("*DGCL*"), if the Purchaser owns, whether acquired pursuant to the Offer or otherwise, at least 90% of the Shares then outstanding, the Purchaser may consummate the Merger without a vote of the stockholders. In such event, Yahoo!, the Purchaser and the Company have agreed in the Merger Agreement to take all necessary and appropriate action to cause the Merger to become effective as soon as practicable after the acceptance and payment for Shares by the Purchaser pursuant to the Offer without a meeting of the stockholders, in accordance with Section 253 of the DGCL. Under the Merger Agreement, the Company has granted to Yahoo! and the Purchaser an option to acquire additional Shares from the Company in the event that the Purchaser accepts for payment pursuant to the Offer Shares constituting at least 75% but less than 90% of the Shares then outstanding on a fully diluted basis. If this option is exercised and such exercise results in the Purchaser owning 90% or more of the outstanding shares, the Purchaser will be able to effect a short-form Merger under the DGCL, subject to the terms and conditions of the Merger Agreement.

THIS OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION AND SHOULD BE READ IN THEIR ENTIRETY BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

THE OFFER

1. Terms of the Offer. Upon the terms and subject to the conditions of the Offer, the Purchaser will accept for payment and pay for all Shares validly tendered prior to the Expiration Date and not theretofore withdrawn in accordance with Section 4 of this Offer to Purchase. The term "*Expiration Date*" shall mean 12:00 midnight, New York City time, on Wednesday, August 8, 2001, unless and until the Purchaser, in accordance with the terms of the Merger Agreement, shall have

extended the period of time for which the Offer is open, in which event the term "*Expiration Date*" shall mean the latest time and date at which the Offer, as so extended by the Purchaser, shall expire.

The Offer is conditioned upon, among other things, the satisfaction of the Minimum Condition. See Section 14 for additional conditions to the Offer. If such conditions are not satisfied prior to the Expiration Date, the Purchaser reserves the right (but shall not be obligated) to (i) decline to purchase any of the Shares tendered and terminate the Offer, subject to the terms of the Merger Agreement, (ii) waive any of the conditions to the Offer, to the extent permitted by applicable law and the provisions of the Merger Agreement, and, subject to complying with applicable rules and regulations of the Commission, purchase all Shares validly tendered, (iii) subject to the terms of the Merger Agreement, extend the Offer and, subject to the right of stockholders to withdraw Shares, retain the Shares which will have been tendered during the period or periods for which the Offer is open or extended, or (iv) amend the Offer, subject to the terms of the Merger Agreement.

Upon the terms and subject to the conditions of the Merger Agreement, the Purchaser may, from time to time, (i) extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and the payment for, any Shares, by giving oral or written notice of such extension to the Depositary and (ii) amend the Offer by giving oral or written notice of such amendment to the Depositary. Any extension, amendment or termination of the Offer will be followed as promptly as practicable by public announcement thereof, the announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date in accordance with the public announcement requirements of Rule 14d-4(c) under the Exchange Act. Under no circumstances will interest be paid on the Offer Price to be paid by the Purchaser for the Shares, regardless of any extension of the Offer or any delay in making such payment.

The Merger Agreement provides that, except as described below, the Purchaser will not (i) decrease the Offer Price or change the form of consideration payable in the Offer, (ii) decrease the number of Shares sought to be purchased in the Offer, (iii) impose conditions to the Offer other than those described in Section 14, (iv) amend any condition of the Offer described in Section 14 in any manner adverse to the holders of the Shares without the prior written consent of the Company or (v) extend the Initial Expiration Date; provided, however, that the Purchaser may, without the consent of the Company, so long as the Merger Agreement is in effect, Yahoo! and the Purchaser are not in material breach of the Merger Agreement and the Minimum Condition and the other conditions to the Offer set forth in Section 14 have not been satisfied or waived, extend the Expiration Date of the Offer for one or more periods that are the shortest additional periods that the Purchaser reasonably believes are necessary to satisfy all such conditions to the Offer, up to an aggregate of an additional 15 business days. The Merger Agreement also provides that the Purchaser may, without the consent of the Company, following the Expiration Date, provide for the Subsequent Offer Period in accordance with Rule 14d-11 under the Exchange Act. Notwithstanding the foregoing, Purchaser may, without the consent of the Company, extend the Offer for any period required by any rule, regulation or interpretation of the Commission or the staff thereof applicable to the Offer. In addition, the Purchaser may increase the Offer Price and extend the Offer to the extent required by law in connection with such increase, in each case in its sole discretion and without the Company's consent.

A Subsequent Offering Period is an additional period of time from three to 20 business days in length, beginning after the Purchaser purchases Shares tendered in the Offer, during which time stockholders may tender, but not withdraw, their Shares and receive the Offer Price. Rule 14d-11 provides that the Purchaser may include a Subsequent Offering Period so long as, among other things, (i) the Offer remained open for a minimum of 20 business days and has expired, (ii) all conditions to the Offer are deemed satisfied or waived by the Purchaser on or before the Expiration Date, (iii) the Purchaser accepts and promptly pays for all Shares tendered during the Offer prior to Expiration Date, (iv) the Purchaser announces the results of the Offer, including the approximate number and percentage of Shares deposited in the Offer, no later than 9:00 a.m. Eastern time on the next business day after the Expiration Date and immediately begins the Subsequent Offering Period, and (v) the

Purchaser immediately accepts and promptly pays for Shares as they are tendered during the Subsequent Offering Period. The Commission has expressed the view that the inclusion of a Subsequent Offering Period would constitute a material change to the terms of the Offer requiring the Purchaser to disseminate new information to stockholders in a manner reasonably calculated to inform them of such change sufficiently in advance of the Expiration Date (generally five business days). In the event the Purchaser elects to include a Subsequent Offering Period, it will notify stockholders of the Company consistent with the requirements of the Commission. Pursuant to Rule 14d-7 under the Exchange Act, no withdrawal rights apply to Shares tendered during a Subsequent Offering Period, and no withdrawal rights apply during the Subsequent Offering Period with respect to Shares tendered in the Offer and accepted for payment.

If the Purchaser extends the Offer, or if the Purchaser (whether before or after its acceptance for payment of Shares) is delayed in its purchase of or payment for Shares or is unable to pay for Shares pursuant to the Offer for any reason, then, without prejudice to the Purchaser's rights under the Offer, the Depositary may retain tendered Shares on behalf of the Purchaser, and such Shares may not be withdrawn except to the extent tendering stockholders are entitled to withdrawal rights as described in Section 4. However, the ability of the Purchaser to delay the payment for Shares which the Purchaser has accepted for payment is limited by Rule 14e-1(c) under the Exchange Act, which requires that a bidder pay the consideration offered or return the securities deposited by or on behalf of holders of securities promptly after the termination or withdrawal of the Offer.

If the Purchaser makes a material change in the terms of the Offer or the information concerning the Offer or waives a material condition of the Offer, the Purchaser will disseminate additional tender offer materials and extend the Offer to the extent required by Rules 14d-4(c), 14d-6(d) and 14e-1 under the Exchange Act. The minimum period during which the Offer must remain open following material changes in the terms of the Offer or information concerning the Offer, other than a change in price or a change in percentage of securities sought, will depend upon the facts and circumstances then existing, including the relative materiality of the changed terms or information. In the Commission's view, an offer should remain open for a minimum of five business days from the date a material change is first published, sent or given to security holders and that, if material changes are made with respect to information not materially less significant than the Offer Price and the number of shares being sought, a minimum of ten business days may be required to allow adequate dissemination and investor response. The requirement to extend the Offer will not apply to the extent that the number of business days remaining between the publication of notice of the change and the then-scheduled Expiration Date equals or exceeds the minimum extension period that would be required because of such amendment. Subject to the terms of the Merger Agreement, if, prior to the Expiration Date, Purchaser should decide to increase the consideration being offered in the Offer, such increase in the consideration being offered will be applicable to all stockholders whose Shares are accepted for payment pursuant to the Offer and, if at the time notice of any such increase in the consideration being offered is first published, sent or given to holders of such Shares, the Offer is scheduled to expire at any time earlier than the period ending on the tenth business day from and including the date that such notice is first so published, sent or given, the Offer will be extended at least until the expiration of such ten business day period. As used in this Offer to Purchase, "business day" has the meaning set forth in Rule 14d-1 under the Exchange Act.

The Company has provided the Purchaser with the Company's stockholder lists and security position listings for the purpose of disseminating the Offer to holders of Shares. This Offer to Purchase and the related Letter of Transmittal will be mailed by the Purchaser to record holders of Shares and will be furnished by the Purchaser to brokers, dealers, banks and similar persons whose names, or the names of whose nominees, appear on the stockholder lists or, if applicable, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to beneficial owners of Shares.

2. Acceptance for Payment and Payment. Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), the Purchaser will accept for payment and will pay, promptly after the Expiration Date, for all Shares validly tendered prior to the Expiration Date and not properly withdrawn in accordance with Section 4. All determinations concerning the satisfaction of such terms and conditions will be within the Purchaser's discretion, which determinations will be final and binding. See Sections 1 and 14. The Purchaser expressly reserves the right, in its sole discretion, to delay acceptance for payment of or payment for Shares in order to comply in whole or in part with any applicable law. Any such delays will be effected in compliance with Rule 14e-l(c) under the Exchange Act (relating to a bidder's obligation to pay the consideration offered or return the securities deposited by or on behalf of holders of securities promptly after the termination or withdrawal of such bidder's offer).

In all cases, payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of (i) certificates for such Shares (or a timely Book-Entry Confirmation (as defined below) with respect thereto), (ii) a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message (as defined below), and (iii) any other documents required by the Letter of Transmittal. The per Share consideration paid to any holder of Common Stock pursuant to the Offer will be the highest per Share consideration paid to any other holder of such Shares pursuant to the Offer.

For purposes of the Offer, the Purchaser will be deemed to have accepted for payment, and thereby purchased, Shares properly tendered to the Purchaser and not withdrawn as, if and when the Purchaser gives oral or written notice to the Depositary of the Purchaser's acceptance for payment of such Shares. Payment for Shares accepted for payment pursuant to the Offer will be made by deposit of the Offer Price therefor with the Depositary, which will act as agent for tendering stockholders for the purpose of receiving payment from the Purchaser and transmitting payment to tendering stockholders. Under no circumstances will interest be paid on the Offer Price to be paid by the Purchaser for the Shares, regardless of any extension of the Offer or any delay in making such payment.

If the Purchaser is delayed in its acceptance for payment of, or payment for, Shares or is unable to accept for payment or pay for Shares pursuant to the Offer for any reason, then, without prejudice to the Purchaser's rights under the Offer (including such rights as are set forth in Sections 1 and 14) (but subject to compliance with Rule 14e-1(c) under the Exchange Act), the Depositary may, nevertheless, on behalf of the Purchaser, retain tendered Shares, and such Shares may not be withdrawn except to the extent tendering stockholders are entitled to exercise, and duly exercise, withdrawal rights as described in Section 4.

If any tendered Shares are not purchased pursuant to the Offer for any reason, certificates for any such Shares will be returned, without expense to the tendering stockholder (or, in the case of Shares delivered by book-entry transfer of such Shares into the Depositary's account at the Book-Entry Transfer Facility (as defined below) pursuant to the procedures set forth in Section 3, such Shares will be credited to an account maintained at the Book- Entry Transfer Facility), as promptly as practicable after the expiration or termination of the Offer.

The Purchaser reserves the right to transfer or assign, in whole or in part, to Yahoo! or to any affiliate of Yahoo!, the right to purchase Shares tendered pursuant to the Offer, but any such transfer or assignment will not relieve the Purchaser of its obligations under the Offer and will in no way prejudice the rights of tendering stockholders to receive payment for Shares validly tendered and accepted for payment pursuant to the Offer.

3. Procedure for Tendering Shares.

Valid Tender. For Shares to be validly tendered pursuant to the Offer, either (i) a properly completed and duly executed Letter of Transmittal (or facsimile thereof), together with any required signature guarantees, or in the case of a book-entry transfer, an Agent's Message (as defined below), and any other required documents, must be received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase prior to the Expiration Date (except with respect to any Subsequent Offering Period) and either certificates for tendered Shares must be received by the Depositary at one of such addresses or such Shares must be delivered pursuant to the procedures for book-entry transfer set forth below (and a Book-Entry Confirmation (as defined below) received by the Depositary), in each case, prior to the Expiration Date or (ii) the tendering stockholder must comply with the guaranteed delivery procedures set forth below.

The Depositary will establish an account with respect to the Shares at The Depository Trust Company (the "*Book-Entry Transfer Facility*") for purposes of the Offer within two business days after the date of this Offer to Purchase. Any financial institution that is a participant in the Book-Entry Transfer Facility's systems may make book-entry delivery of Shares by causing the Book-Entry Transfer Facility to transfer such Shares into the Depositary's account in accordance with the Book-Entry Transfer Facility's procedure for such transfer. However, although delivery of Shares may be effected through book-entry transfer into the Depositary's account at the Book-Entry Transfer Facility, the Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, or an Agent's Message, and any other required documents must, in any case, be transmitted to, and received by, the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase prior to the Expiration Date (except with respect to any Subsequent Offering Period), or the tendering stockholder must comply with the guaranteed delivery procedures described below. The confirmation of a book-entry transfer of Shares into the Depositary's account at the Book-Entry Transfer Facility as described above is referred to herein as a "Book-Entry Confirmation." **Delivery of documents to the Book-Entry Transfer Facility in accordance with the Book-Entry Transfer Facility's procedures does not constitute delivery to the Depositary.**

The term "*Agent's Message*" means a message transmitted by the Book-Entry Transfer Facility to, and received by, the Depositary and forming a part of a Book-Entry Confirmation, which states that such Book-Entry Transfer Facility has received an express acknowledgment from the participant in the Book-Entry Transfer Facility tendering the Shares that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that the Purchaser may enforce such agreement against the participant.

For Shares to be validly tendered during any Subsequent Offering Period, the tendering stockholder must comply with the foregoing procedures, except that required documents and certificates must be received during the Subsequent Offering Period.

The method of delivery of Shares, the Letter of Transmittal and all other required documents, including delivery through the Book-Entry Transfer Facility, is at the election and risk of the tendering stockholder. Shares will be deemed delivered only when actually received by the Depositary

(including, in the case of a book-entry transfer, by Book-Entry Confirmation). If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

Signature Guarantees. No signature guarantee is required on the Letter of Transmittal if (i) the Letter of Transmittal is signed by the registered holder(s) (which term, for purposes of this Section 3, includes any participant in the Book Entry Transfer Facility's systems whose name appears on a security position listing as the owner of the Shares) of Shares tendered therewith and such registered holder has not completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" on the Letter of Transmittal or (ii) such Shares are tendered for the account of

a financial institution (including most commercial banks, savings and loan associations and brokerage houses) that is a participant in the Security Transfer Agent's Medallion Program, or by any other "eligible guarantor institution," as such term is defined in Rule 17Ad-15 under the Exchange Act (each, an "*Eligible Institution*" and, collectively, "*Eligible Institutions*"). In all other cases, all signatures on Letters of Transmittal must be guaranteed by an Eligible Institution. See Instructions 1 and 5 of the Letter of Transmittal. If the certificates representing Shares are registered in the name of a person other than the signer of the Letter of Transmittal, or if payment is to be made, or certificates for Shares not tendered or not accepted for payment are to be returned, to a person other than the registered holder of the certificates surrendered, then the tendered certificates for such Shares must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name or names of the registered holders or owners appear on the certificates, with the signatures on the certificates or stock powers guaranteed as aforesaid. See Instruction 5 of the Letter of Transmittal.

Guaranteed Delivery. If a stockholder desires to tender Shares pursuant to the Offer and such stockholder's certificates representing Shares are not immediately available or the procedures for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach the Depositary prior to the Expiration Date, such stockholder's tender may be effected if all the following conditions are met:

(i) such tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by the Purchaser, is received by the Depositary, as provided below, prior to the Expiration Date; and

(iii) the certificates for (or a Book-Entry Confirmation with respect to) such Shares, together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message, and any other required documents are received by the Depositary within three trading days after the date of execution of such Notice of Guaranteed Delivery. A "trading day" is any day on which the Nasdaq National Market is open for business.

The Notice of Guaranteed Delivery may be delivered by hand to the Depositary or transmitted by telegram, facsimile transmission or mail to the Depositary and must include a guarantee by an Eligible Institution in the form set forth in such Notice of Guaranteed Delivery.

Notwithstanding any other provision hereof, payment for Shares accepted for payment pursuant to the Offer will in all cases be made only after timely receipt by the Depositary of (i) certificates representing (or a timely Book-Entry Confirmation with respect to) such Shares, (ii) a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message, and (iii) any other documents required by the Letter of Transmittal. Accordingly, tendering stockholders may be paid at different times depending upon when certificates for Shares or Book-Entry Confirmations with respect to Shares are actually received by the Depositary. **Under no circumstances will interest be paid on the Offer Price to be paid by the Purchaser for the Shares, regardless of any extension of the Offer or any delay in making such payment.**

The valid tender of Shares pursuant to one of the procedures described above will constitute a binding agreement between the tendering stockholder and the Purchaser upon the terms and subject to the conditions of the Offer.

Appointment. By executing the Letter of Transmittal as set forth above, the tendering stockholder will irrevocably appoint the Purchaser, its officers and its designees, and each of them, as such stockholder's attorneys-in-fact and proxies in the manner set forth in the Letter of Transmittal, each with full power of substitution, to the full extent of such stockholder's rights with respect to the Shares

tendered by such stockholder and accepted for payment by the Purchaser and with respect to any and all other Shares or other securities or rights issued or issuable in respect of such Shares. All such proxies will be considered coupled with an interest in the tendered Shares. Such appointment will be effective when, and only to the extent that, the Purchaser accepts for payment Shares tendered by such stockholder as provided herein. Upon such appointment, all prior powers of attorney, proxies and consents given by such stockholder with respect to such Shares or other securities or rights will, without further action, be revoked and no subsequent powers of attorney, proxies, consents or revocations may be given by such stockholder (and, if given, will not be deemed effective). The designees of the Purchaser will thereby be empowered to exercise all voting and other rights with respect to such Shares and other securities or rights, including, without limitation, in respect of any annual, special or adjourned meeting of the Company's stockholders, actions by written consent in lieu of any such meeting or otherwise, as they in their sole discretion deem proper. The Purchaser reserves the right to require that, in order for Shares to be deemed validly tendered, immediately upon the Purchaser's acceptance for payment of such Shares, the Purchaser must be able to exercise full voting, consent and other rights with respect to such Shares and other related securities or rights, including voting at any meeting of stockholders.

Determination of Validity. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tender of Shares will be determined by the Purchaser, in its sole discretion, which determination will be final and binding. The Purchaser reserves the absolute right to reject any or all tenders of any Shares determined by it not to be in proper form or the acceptance for payment of, or payment for, which may, in the opinion of the Purchaser's counsel, be unlawful. The Purchaser also reserves the absolute right, in its sole discretion, subject to the provisions of the Merger Agreement, to waive any of the conditions of the Offer or any defect or irregularity in the tender of any Shares of any particular stockholder, whether or not similar defects or irregularities are waived in the case of other stockholders. No tender of Shares will be deemed to have been validly made until all defects or irregularities relating thereto have been cured or waived. None of the Purchaser, Yahoo!, the Depositary, the Information Agent, the Company or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification. Subject to the terms of the Merger Agreement, the Purchaser's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the instructions thereto) will be final and binding.

Backup Withholding. Under the "backup withholding" provisions of U.S. federal income tax law, unless a tendering registered holder, or his assignee (in either case, the "*Payee*"), satisfies the conditions described in Instruction 9 of the Letter of Transmittal or is otherwise exempt, the cash payable as a result of the Offer may be subject to backup withholding tax at a rate of 31% of the gross proceeds. To prevent backup withholding, each Payee should complete and sign the Substitute Form W-9 provided in the Letter of Transmittal or other applicable form. See Instruction 9 of the Letter of Transmittal.

4. Withdrawal Rights. Except as otherwise provided in this Section 4, tenders of Shares are irrevocable. Except as provided below with respect to a Subsequent Offering Period, Shares tendered pursuant to the Offer may be withdrawn pursuant to the procedures set forth below at any time prior to the Expiration Date and, unless theretofore accepted for payment and paid for by the Purchaser pursuant to the Offer, may also be withdrawn at any time after Monday, September 10, 2001.

For a withdrawal to be effective, a written, telegraphic or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase and must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of the Shares to be withdrawn, if different from the name of the person who tendered the Shares. If certificates representing Shares have been delivered or otherwise identified to the Depositary, then,

prior to the physical release of such certificates, the serial numbers shown on such certificates must be submitted to the Depositary and, unless such Shares have been tendered by an Eligible Institution, the signatures on the notice of withdrawal must be guaranteed by an Eligible Institution. If Shares have been delivered pursuant to the procedures for book-entry transfer as set forth in Section 3, any notice of withdrawal must also specify the name and number of the account at the appropriate Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with such Book-Entry Transfer Facility's procedures. Withdrawals of tenders of Shares may not be rescinded, and any Shares properly withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. However, withdrawn Shares may be retendered by again following one of the procedures described in Section 3 any time prior to the Expiration Date.

No withdrawal rights will apply to Shares tendered into a Subsequent Offering Period under Rule 14d-11 of the Exchange Act, and no withdrawal rights apply during a Subsequent Offering Period under Rule 14d-11 with respect to Shares tendered in the Offer and accepted for payment.

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Purchaser, in its sole discretion, which determination will be final and binding. None of the Purchaser, Yahoo!, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

5. Certain Federal Income Tax Considerations. The receipt of cash for Shares pursuant to the Offer or the Merger will be a taxable transaction for U.S. federal income tax purposes and may also be a taxable transaction under state, local or foreign tax laws. In general, a stockholder who tenders Shares in the Offer or receives cash in exchange for Shares in the Merger will recognize gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount of cash received and the stockholder's tax basis in the Shares sold. Gain or loss will be determined separately for each block of shares (i.e., Shares acquired at the same time and price) exchanged pursuant to the Offer or the Merger. Such gain or loss generally will be capital gain or loss if the Shares disposed of were held as capital assets by the stockholder and will be long-term capital gain or loss if such Shares have been held for more than one year.

A stockholder who perfects his or her stockholder's appraisal rights, if any, under the DGCL will probably recognize gain or loss at the Effective Time in an amount equal to the difference between the "amount realized" and such stockholder's adjusted tax basis of such Shares. For this purpose, although there is no authority to this effect directly on point, the amount realized should generally equal the trading value per share of the Shares at the Effective Time. Ordinary interest income and/or capital gain (capital loss), assuming that the Shares were held as capital assets, should be recognized by such stockholder at the time of actual receipt of payment, to the extent that such payments exceeds (or is less than) the amount realized at the Effective Time.

The foregoing summary is for general information purposes only and is based on the U.S. federal income tax law now in effect, which is subject to change, possibly retroactively. This summary does not discuss all aspects of U.S. federal income taxation which may be important to particular stockholders in light of their individual investment circumstances or to certain types of stockholders subject to special tax rules (including, but not limited to, insurance companies, tax-exempt organizations, financial institutions, broker-dealers, foreign stockholders or stockholders who have acquired their Shares pursuant to the exercise of employee stock options or otherwise as compensation), nor does it address state, local or foreign tax considerations. Each stockholder is urged to consult his or her tax advisor regarding the specific U.S. federal, state, local and foreign income and other tax considerations of the Offer and Merger.

6. Price Range of the Shares. Since April 23, 1999, the shares of Common Stock have been traded on the Nasdaq National Market under the symbol "LAUN." The table below sets forth, for each

of the calendar quarters indicated, the high and low reported closing sales price per share of Common Stock on the Nasdaq National Market based on published financial sources.

	High	Low
1999		
Second Quarter (beginning April 23, 1999)	$ 30.000	$ 12.625
Third Quarter	18.000	9.000
Fourth Quarter	22.500	9.750
2000		
First Quarter	26.250	15.391
Second Quarter	15.813	7.125
Third Quarter	9.125	6.000
Fourth Quarter	6.813	1.500
2001		

First Quarter	2.000	0.750
Second Quarter	1.688	0.290
Third Quarter (through July 11, 2001)	0.900	0.900

On June 27, 2001, the last full trading day prior to the public announcement of the execution of the Merger Agreement by the Company, Yahoo! and the Purchaser, the last reported sales price of the Common Stock on the Nasdaq National Market was $0.58 per share. On July 11, 2001, the last full trading day prior to the commencement of the Offer, the last reported sales price of the Common Stock on the Nasdaq National Market was $0.90 per share. Stockholders are urged to obtain a current market quotation for the Shares.

7. Effect of the Offer on the Market for the Shares; Stock Listing; Exchange Act Registration; Margin Regulations.

Market for the Shares. The purchase of Shares by the Purchaser pursuant to the Offer will reduce the number of Shares that might otherwise trade publicly and could adversely affect the liquidity and market value of the remaining Shares held by the public. The purchase of Shares pursuant to the Offer can also be expected to reduce the number of holders of Shares.

Stock Listing. The Common Stock is traded on the Nasdaq National Market. Depending upon the number of Shares purchased pursuant to the Offer, the Shares may no longer meet the listing requirements for continued inclusion on the Nasdaq National Market, which generally require that an issuer either have (i) at least 750,000 publicly held shares with a market value of at least $5,000,000 held by at least 400 round-lot stockholders, net tangible assets (total assets (excluding goodwill) less total liabilities) of at least $4 million, two market makers for the shares, and a minimum bid price of $1.00 per share, or (ii) at least 1,100,000 publicly held shares with a market capitalization of at least $15,000,000 held by at least 400 round-lot stockholders, four market makers for the shares and a minimum bid price of $5.00 per share, as well as either (a) a market capitalization of at least $50,000,000, or (b) total assets and annual revenues each of at least $50,000,000. It should be noted that the Company received a letter dated June 4, 2001 from Nasdaq notifying the Company of its failure to meet the minimum $1.00 per share trading price requirement for continued listing on the Nasdaq National Market and providing that the Company has until September 3, 2001 to regain compliance. If the Nasdaq National Market and the Nasdaq Smallcap Market were to cease to publish quotations for the Shares, it is possible that the Shares would continue to trade in the over-the-counter market and that price or other quotations would be reported by other sources. The extent of the public market for such Shares and the availability of such quotations would depend, however, upon such factors as the number of stockholders, the aggregate market value of such Shares remaining at such

time, the interest in maintaining a market in the Shares on the part of securities firms, the possible termination of registration under the Exchange Act as described below and other factors. The Purchaser cannot predict whether the reduction in the number of Shares that might otherwise trade publicly would have an adverse or beneficial effect on the market price for, or marketability of, the Shares or whether it would cause future market prices to be greater or lesser than the Offer Price. The Company has represented that, as of June 21, 2001, 13,531,058 Shares were issued and outstanding.

Exchange Act Registration. The Shares are currently registered under the Exchange Act. Registration of the Shares under the Exchange Act may be terminated upon application of the Company to the Commission if the Shares are neither listed on a national securities exchange nor held by 300 or more holders of record. Termination of registration of the Shares under the Exchange Act, assuming there are no other securities of the Company subject to registration, would substantially reduce the information required to be furnished by the Company to its stockholders and to the Commission and would make certain provisions of the Exchange Act, such as the short-swing profit recovery provisions of Section 16(b), the requirement of furnishing a proxy statement pursuant to Section 14(a) in connection with stockholders' meetings and the related requirement of furnishing an annual report to stockholders and the requirements of Rule 13e-3 under the Exchange Act with respect to "going private" transactions, no longer applicable to the Company. Furthermore, the ability of "affiliates" of the Company and persons holding "restricted securities" of the Company to dispose of such securities pursuant to Rule 144 or Rule 144A promulgated under the Securities Act of 1933, as amended (the "*Securities Act*"), may be impaired or eliminated.

The Purchaser intends to cause the Company to apply for termination of registration of the Shares under the Exchange Act as soon after the expiration of the Offer as the requirements for such termination are met. If the Nasdaq National Market listing and the Exchange Act registration of the Shares are not terminated prior to the Merger, then the Shares will be delisted from the Nasdaq National Market and the registration of the Shares under the Exchange Act will be terminated following the consummation of the Merger.

Margin Regulations. The Shares presently are "margin securities" under the regulations of the Board of Governors of the Federal Reserve System (the "*Federal Reserve Board*"), which status has the effect, among other things, of allowing brokers to extend credit on the collateral of such securities. Depending upon factors similar to those described above regarding listing and market quotations, it is possible that, following the Offer, the Shares would no longer constitute "margin securities" for the purposes of the margin regulations of the Federal Reserve Board and, therefore, could no longer be used as collateral for loans made by brokers. If registration of the Shares under the Exchange Act were terminated, the Shares would no longer be "margin securities."

8. Certain Information Concerning the Company. The information concerning the Company contained in this Offer to Purchase, including that set forth below under the caption "Selected Financial Information," has been furnished by the Company or has been taken from or based upon publicly available documents and records on file with the Commission and other public sources. Neither Yahoo! nor the Purchaser assumes responsibility for the accuracy or completeness of the information concerning the Company contained in such documents and records or for any failure by the Company to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to Yahoo! or the Purchaser.

The Company is a media company that offers an online music discovery experience for consumers and provides a marketing platform for record labels, artists, advertisers and merchants. The Company is a Delaware corporation with its principal executive offices at 2700 Pennsylvania Avenue, Santa Monica, California 90404. The telephone number of the Company at such offices is (310) 526-4300.

Selected Financial Information. Set forth below is certain selected consolidated financial information with respect to the Company, excerpted or derived from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000. More comprehensive financial information is included in such report and in other documents filed by the Company with the Commission. The following summary is qualified in its entirety by reference to such report and other documents and all of the financial information (including any related notes) contained therein. Such report and other documents may be inspected and copies may be obtained from the Commission in the manner set forth below.

LAUNCH MEDIA, INC.

SELECTED CONSOLIDATED FINANCIAL INFORMATION
(in thousands, except per share data)

	Year Ended December 31,				
	1996	1997	1998	1999	2000
STATEMENT OF OPERATIONS DATA:					
Net revenues	$ 1,375	$ 3,137	$ 5,014	$ 16,626	$ 30,829
Loss from operations	(4,768)	(6,676)	(13,805)	(39,481)	(52,217)
Loss per share from operations	$ (5.50)	$ (7.89)	$ (16.36)	$ (4.15)	$ (3.67)
Weighted average shares outstanding used in basic and diluted per share calculations	920	925	933	9,218	13,782
BALANCE SHEET DATA:					
Total assets	$ 4,784	$ 1,790	$ 13,164	$ 94,217	$ 68,951
Long-term obligations	58	77	639	999	2,501
Mandatory redeemable convertible preferred stock	10,458	11,065	36,707	—	—
Total stockholders' equity (deficit)	$ (7,006)	$ (14,186)	$ (27,826)	$ 86,042	$ 50,999

Certain Company Projections. In a press release issued on May 14, 2001, the Company publicly disclosed certain expectations regarding its financial results for 2001. In addition, in connection with the discussions concerning the Offer and the Merger and as part of Yahoo!'s due diligence review of the Company, the Company discussed with Yahoo! various internal projections of revenues and earnings as a basis of an operating budget for fiscal years 2001 and 2002. The financial projections discussed were based on numerous assumptions concerning revenue growth in all product areas, additional spending in research and development on new initiatives in the Company's product offerings as well as increases in sales and marketing and general administrative expenses.

The Company's internal projections provided to Yahoo! projected net revenues for fiscal year 2001 of approximately $34 million and for fiscal year 2002 of approximately $48 million and projected pro forma operating loss before net interest expense, income taxes and depreciation and amortization of intangible assets, of approximately $10 million for fiscal 2001 and pro forma operating income before net interest expense, income taxes and depreciation and amortization of intangible assets of approximately $3 million for fiscal 2002.

The Company's 2001 and 2002 operating budget and the financial projections provided to Yahoo! were prepared for the limited purpose of managing the operating plan of the Company for such fiscal years. They do not reflect recent developments which have occurred since they were prepared, such as the Company's actual performance in the first quarter of 2001 or the Offer and the Merger. In fact, after evaluating the Company's internal projections and applying certain assumptions regarding the post-closing operations of the Company within the Yahoo! organization, Yahoo!'s management believes the projected numbers to be optimistic. For internal planning purposes, the management of Yahoo! has

assumed that the Company's business will generate net revenues for fiscal year 2001 of approximately $24 million and net revenues for fiscal year 2002 of approximately $21 million.

It is the understanding of Yahoo! and the Purchaser that the projections were not prepared with a view to public disclosure or compliance with published guidelines of the Commission or the guidelines established by the American Institute of Certified Public Accountants regarding projections or forecasts and are included herein only because such information was provided to Yahoo! and the Purchaser. The projections do not purport to present projected results of operations in accordance with generally accepted accounting principles and the Company's independent auditors have not examined or opined on the projections presented herein, and accordingly assume no responsibility for them. These forward-looking statements (as that term is defined in the Private Securities Litigation Reform Act of 1995, as amended) are subject to certain risks and uncertainties that could cause actual results to differ materially from the projections. Such risks and uncertainties include, but are not limited to: business and economic conditions and growth in the technology industry in various geographic regions; changes in customer order patterns; risks associated with recent acquisitions; the Company's ability to implement new marketing strategies; market demand and acceptance; the impact of competitive products and services; risks associated with the timing and successful completion of technology and product development and commercialization; the effect of economic and business conditions; the ability to attract and retain technical and management personnel; changing relationships with customers, suppliers and strategic partners; and other risks detailed from time to time in the Company's filings with the Commission, including its Annual Report on Form 10-K for the fiscal year ended December 31, 2000.

The Company has advised the Purchaser and Yahoo! that its internal financial forecasts (upon which the projections provided to Yahoo! and the Purchaser were based in part) are, in general, prepared solely for internal use and capital budgeting and other management decisions, and are subjective in many respects and thus susceptible to interpretations and periodic revision based on actual experience and business developments. The projections also reflect numerous assumptions (not all of which were provided to Yahoo! and the Purchaser), all made by management of the Company, with respect to industry performance, general business, economic, market and financial conditions and other matters, including effective tax rates consistent with historical levels for the Company, all of which are difficult to predict, many of which are beyond the Company's control and none of which were subject to approval by Yahoo! or the Purchaser. Accordingly, there can be no assurance that the assumptions made in preparing the projections will prove accurate, and actual results may be materially greater or less than those contained in the projections. This reference to the projections is provided solely because such projections have been provided to Yahoo! and the inclusion of the projections herein should not be regarded as an indication that any of Yahoo!, the Purchaser, the Company or their respective affiliates or representatives considered or consider the projections to be a reliable prediction of future events, and the projections should not be relied upon as such. None of Yahoo!, the Purchaser, the Company or any of their respective affiliates or representatives has made or makes any representation to any person regarding the ultimate performance of the Company compared to the information contained in the projections and none of them intends to update or otherwise revise the projections to reflect circumstances existing after the date when made or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the projections are shown to be in error. It is expected that there will be differences between actual and projected results, and actual results may differ materially from those projected.

Available Information. The Company is subject to the informational filing requirements of the Exchange Act and, in accordance therewith, is obligated to file reports, proxy statements and other information with the Commission relating to its business, financial condition and other matters. Information as of particular

dates concerning the Company's directors and officers, their remuneration, options granted to them, the principal holders of the Company's securities and any material interests of such persons in transactions with the Company is required to be disclosed in proxy statements

distributed to the Company's stockholders and filed with the Commission. Such reports, proxy statements and other information should be available for inspection at the public reference facilities of the Commission at 450 Fifth Street, N.W., Washington, DC 20549, and at the regional offices of the Commission located at Seven World Trade Center, Suite 1300, New York, NY 10048 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661. Copies of such information should be obtainable by mail, upon payment of the Commission's customary charges, by writing to the Commission's principal office at 450 Fifth Street, N.W., Washington, DC 20549. The Commission also maintains a website at http://www.sec.gov that contains reports, proxy statements and other information relating to the Company that have been filed via the EDGAR System. Such material should also be available for inspection at the offices of the Nasdaq National Market, located at 20 Broad Street, New York, NY 10005.

9. Certain Information Concerning Yahoo! and the Purchaser.

Yahoo! and the Purchaser. The Purchaser is a Delaware corporation which is a direct wholly owned subsidiary of Yahoo! formed at the direction of Yahoo! for the purpose of effecting an acquisition such as the Offer and the Merger. It is anticipated that, prior to the consummation of the Offer, the Purchaser will not have any significant assets or liabilities or engage in any activities other than those contemplated by the Offer and the Merger. Because the Purchaser has minimal assets and capitalization, no meaningful financial information regarding the Purchaser is available. The principal offices of the Purchaser are located at c/o Yahoo!, 701 First Avenue, Sunnyvale, California 94089, and its telephone number is (408) 349-3300.

Yahoo! is a Delaware corporation. Yahoo! is a global Internet communications, commerce and media company that offers a comprehensive branded network of services. Yahoo!'s common stock is listed on the Nasdaq National Market under the symbol "YHOO." The principal offices of Yahoo! are located at 701 First Avenue, Sunnyvale, California 94089 and its telephone number is (408) 349-3300.

The name, citizenship, business address, business telephone number, principal occupation or employment and five-year employment history for each of the directors and executive officers of the Purchaser and Yahoo! and certain other information are set forth in Schedule I hereto. Except as described in this Offer to Purchase and in Schedule I hereto, none of Yahoo!, the Purchaser or, to the best knowledge of such corporations, any of the persons listed on Schedule I to the Offer to Purchase has during the last five years (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) been a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violations of such laws.

Except as set forth in this Offer to Purchase, none of the Purchaser, Yahoo!, or, to the best knowledge of the Purchaser or Yahoo!, any of the persons listed on Schedule I, is a party to any contract, arrangement, understanding or relationship with any other person with respect to any securities of the Company, including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any securities of the Company, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss, or the giving or withholding of proxies. Except as set forth in this Offer to Purchase, none of the Purchaser, Yahoo!, or any of their respective affiliates, or, to the best knowledge of the Purchaser or Yahoo!, any of the persons listed on Schedule I, has had, since January 1, 1998, any business relationships or transactions with the Company or any of its executive officers, directors or affiliates that would require reporting under the rules of the Commission. Except as set forth in this Offer to Purchase, since January 1, 1998, there have been no contacts, negotiations or transactions between the Purchaser or Yahoo!, any of their respective affiliates or, to the best knowledge of the Purchaser or Yahoo!, any of the persons listed on Schedule I, and the Company or its affiliates concerning a merger, consolidation or acquisition, tender

offer or other acquisition of securities, election of directors or a sale or other transfer of a material amount of assets.

Pursuant to the Stockholders Agreements, Yahoo! may be deemed to beneficially own 3,657,912 shares of Common Stock, constituting approximately 27% of the total outstanding shares of Common Stock as of June 21, 2001. See Section 11. Except as set forth in this Offer to Purchase, none of the Purchaser, Yahoo!, or, to the best knowledge of the Purchaser or Yahoo!, any of the persons listed on Schedule I, or any associate or majority-owned subsidiary of any of the foregoing, beneficially owns or has a right to acquire any Shares, and none of the Purchaser, Yahoo!, or, to the best knowledge of the Purchaser or Yahoo!, any of the persons or entities referred to above, nor any of the respective executive officers, directors or subsidiaries of any of the foregoing, has effected any transaction in Shares during the past 60 days.

Yahoo! and the Company entered into a Loan and Security Agreement dated as of May 25, 2001 (the "*Original Loan Agreement*"), pursuant to which Yahoo! agreed to make available to the Company up to $3,000,000 upon the terms and subject to the conditions set forth in the Original Loan Agreement. On May 25, 2001, the Company borrowed $2,000,000 under the Original Loan Agreement pursuant to a Secured Promissory Note. On June 27, 2001, Yahoo! and the Company entered into a First Amendment to Loan and Security Agreement, pursuant to which Yahoo! agreed to make available to the Company an additional $2,000,000 for a secured loan in an aggregate principal amount of $5,000,000 (the Original Loan Agreement, as amended, the "*Loan Agreement*") upon the terms and subject to the conditions set forth in the Loan Agreement. On June 28, 2001, the Company borrowed an additional $1,200,000 under the Loan Agreement pursuant to a Secured Promissory Note and on July 2, 2001, the Company borrowed an additional $1,000,000 under the Loan Agreement pursuant to a Secured Promissory Note. In addition, Yahoo! has agreed to loan the Company and additional amount of up to $800,000 on July 31, 2001, subject to certain conditions under the Loan Agreement. Amounts advanced by Yahoo! to the Company pursuant to the terms of the Loan Agreement bear interest at a rate of 10% per annum and are due and payable upon the earlier of (i) December 31, 2001, (ii) an event of default under the Loan Agreement, (iii) 90 days following the termination of the Merger Agreement, or (iv) in certain circumstances, immediately upon termination of the Merger Agreement. Pursuant to the Loan Agreement, the Company granted to Yahoo! a security interest in certain of its assets and intellectual property. In connection with the Loan Agreement, Yahoo! and the Company also entered into an Intellectual Property Security Agreement dated May 25, 2001.

The Company, YAHOO Japan Corporation (an affiliate of Yahoo!), SOFTBANK Media & Marketing Corp. and SOFTBANK Publishing, Inc. entered into a Joint Venture Agreement dated March 16, 2000 relating to a joint venture in Japan, although the parties agreed to terminate this joint venture as of April 6, 2001, with certain wind-down obligations.

On June 27, 2001, David B. Goldberg, the Chairman of the Board and Chief Executive Offer of the Company, entered into an employment agreement with the Company (the "*Goldberg Employment Agreement*") regarding Mr. Goldberg's continued employment after the consummation of the Offer. The Goldberg Employment Agreement was accepted and acknowledged by Yahoo! and also addresses Mr. Goldberg's employment by Yahoo! and provides that he will be

appointed General Manager, Yahoo! Music. The Goldberg Employment Agreement does not become effective until the closing of the Offer wherein Purchaser purchases Shares in an amount not less than the Minimum Condition.

In addition to the Goldberg Employment Agreement, Mr. Goldberg entered into a Noncompetition Agreement with Yahoo! (the "*Goldberg Noncompetition Agreement*"). Pursuant to the Goldberg Noncompetition Agreement, for the period commencing upon the satisfaction of the Minimum Condition (the "*Commencement Date*") and ending upon the later of (i) two years thereafter or (ii) one year after the termination of Mr. Goldberg's employment (but in no event longer than three years after the Commencement Date) (the "*Restricted Period*"), Mr. Goldberg agrees that he will not (x) enter into or participate in any business involved in the digital delivery of music and music-related

programming or information to users (the "*Business*"), (y) own or participate in, act as consultant to or board member of or participate in any similar manner in any entity specified in the Goldberg Noncompetition Agreement or any business or business division devoting twenty percent or more of its resources or generating twenty percent or more of its gross revenues from a business competitive with the Business. If Mr. Goldberg is terminated without cause or resigns for good reason (i) prior to the first anniversary of the Commencement Date, then the Restricted Period shall be deemed to be six months or (ii) after the first anniversary of the Commencement Date, then there shall be no Restricted Period.

On June 27, 2001, Robert D. Roback, the President of the Company, entered into an employment agreement with the Company (the "*Roback Employment Agreement*") regarding Mr. Roback's continued employment after the consummation of the Offer. The Roback Employment Agreement was accepted and acknowledged by Yahoo! and provides that he will be appointed General Manager, Yahoo! Music. The Roback Employment Agreement does not become effective until the closing of the Offer wherein Purchaser purchases Shares in an amount not less than the Minimum Condition.

In addition to the Roback Employment Agreement, Mr. Roback entered into a Noncompetition Agreement with Yahoo! (the "Roback Noncompetition Agreement"), pursuant to which Mr. Roback agrees that, during the Restricted Period, Mr. Roback will not (x) enter into or participate in the Business or (y) own or participate in, act as consultant to or board member of or participate in any similar manner in any entity specified in the Roback Noncompetition Agreement or any business, or business division, devoting twenty percent or more of its resources or generating twenty percent or more of its gross revenues from a business competitive with the Business. If Mr. Roback is terminated without cause or resigns for good reason (i) prior to the first anniversary of the Commencement Date, then the Restricted Period shall be deemed to be six months and (ii) after the first anniversary of the Commencement Date, then there shall be no Restricted Period.

Available Information. Yahoo! is subject to the informational filing requirements of the Exchange Act and, in accordance therewith, is obligated to file reports, proxy statements and other information with the Commission relating to its business, financial condition and other matters. Information as of particular dates concerning the Company's directors and officers, their remuneration, options granted to them, the principal holders of the Company's securities and any material interests of such persons in transactions with the Company is required to be disclosed in proxy statements distributed to the Company's stockholders and filed with the Commission. Such reports, proxy statements and other information should be available for inspection at the public reference facilities of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the regional offices of the Commission located at Seven World Trade Center, Suite 1300, New York, NY 10048 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661. Copies of such information should be obtainable by mail, upon payment of the Commission's customary charges, by writing to the Commission's principal office at 450 Fifth Street, N.W., Washington, D.C. 20549. The Commission also maintains a website at http://www.sec.gov that contains reports, proxy statements and other information relating to the Company that have been filed via the EDGAR System. Such material should also be available for inspection at the offices of the Nasdaq National Market, located at 20 Broad Street, New York, New York 10005.

10. Source and Amount of Funds. The Offer is not conditioned upon any financing arrangements. The total amount of funds required by the Purchaser to consummate the Offer and the Merger is estimated to be approximately $12 million, plus any related transaction fees and expenses, including but not limited to, the fees due and payable to CSFB. The Purchaser will acquire all such funds from Yahoo! out of Yahoo!'s working capital.

11. Background of the Offer; Purpose of the Offer and the Merger; the Merger Agreement and Certain Other Agreements. The following description was prepared by the Purchaser, Yahoo! and the Company. Information about the Company was provided by the Company, and neither the Purchaser nor Yahoo!

takes any responsibility for the accuracy or completeness of any information regarding meetings or discussions in which Yahoo! or its representatives did not participate.

Background of the Offer.

Yahoo! and the Company have been familiar with each other's business for more than a year and are parties to a Commercial License Agreement, dated April 26, 1999.

In the spring of 2000, Yahoo! and the Company had some preliminary discussions regarding a possible acquisition of the Company. In connection with these discussions, on April 27, 2000, Yahoo! and the Company entered into the Confidentiality Agreement pursuant to which the parties agreed to keep confidential any information received in the course of conducting due diligence investigations and negotiating a proposed transaction. These discussions were terminated by mutual agreement prior to the time any definitive proposals regarding a possible transaction were made.

On March 22, 2001, David Mandelbrot, Vice President, Entertainment of Yahoo!, had a telephone conversation with David Goldberg, Chairman and Chief Executive Officer of the Company, to discuss the merits of a possible strategic relationship between Yahoo! and the Company.

In mid-May, while the Company and Goran Enterprises Limited were negotiating definitive agreements relating to the financing, two companies (one of which was Yahoo!) expressed renewed interest in acquiring the Company. Each began conducting an extensive due diligence investigation.

On May 7, 2001, Doug Feick, Vice President, Corporate Development of Yahoo!, and other representatives of Yahoo!, began an initial review of the financial and business conditions of Launch.

From May 7, 2001 through June 27, 2001, Yahoo! and its financial and legal advisors conducted due diligence on the Company.

On May 11, 2001, Mr. Feick and Mr. Goldberg held a telephone conference call to review Yahoo!'s preliminary due diligence findings. From May 11 to May 18, 2001, Mr. Feick and Mr. Mandelbrot and other representatives of Yahoo! had several conversations with Mr. Goldberg, Jeffrey Mickeal, Chief Financial Officer of Launch, and Robert Roback, President of Launch, to conduct further due diligence of Launch's business and operations.

The Company was facing a liquidity crisis and needed funding by the end of the third week of May, 2001. As a result, each potential aquiror was informed that prior to that time, they would need to provide the Company with either a binding acquisition proposal or a proposal for a bridge loan which would carry the Company through the negotiation period. Substantial negotiations ensued between the Company's financial and legal advisors and each of the two potential acquirers.

On May 23, 2001, the Company received a term sheet relating to bridge financing and a subsequent acquisition of the Company at a price of $0.75 per share from one potential acquirer, and a written proposal relating to bridge financing together with a verbal indication of interest in acquiring the Company from Yahoo!. Each potential acquirer's expression of interest required that the Company enter into an exclusive negotiating period with the party and each had a number of contingencies associated with it, including additional due diligence and the satisfactory elimination of certain liabilities.

In addition, on May 23, 2001, Mr. Mandelbrot and Mr. Feick and other representatives of Yahoo! met with Mr. Roback, Mr. Goldberg and Alex X. Maghen, Chief Technology Officer of the Company, to conduct further due diligence of Launch's business and operations.

On May 23, 2001, the Company's directors had various discussions with CSFB regarding the two proposals and the range of possible responses. Based upon such discussions, CSFB was directed to continue negotiations with the two parties.

From May 23 to May 25, 2001, representatives of the Company and the two potential acquirers and their respective advisors discussed the amount and terms of the proposed funding for the Company, as well as the value, timing and conditions relating to a potential acquisition of the Company.

On May 24, 2001, the Company learned of a suit filed against the Company by four of the five major record labels alleging, among other issues, that the Company failed to obtain appropriate licenses for the conduct of its LaunchCast Service (the "*Record Company Litigation*") and informed Yahoo! and the other potential acquirer of the same. As a result of the lawsuit, Yahoo! modified the terms of its proposed bridge financing and the other potential acquirer withdrew its offer to provide financing to the Company pending further study of the potential exposure relating to the Record Company Litigation.

On May 25, 2001, the Board met to receive an update on the negotiations to date and to discuss the proposed exclusivity letter. Among other matters, the Board reviewed the Company's financing and acquisition alternatives and the results and status of discussions regarding other potential strategic transactions. After discussion, the Board authorized the management to accept the bridge financing from Yahoo! and to enter into the exclusivity letter relating to a proposed acquisition. The exclusivity letter did not provide a price and provided for a period of exclusive negotiation ending on June 8, 2001.

On May 25, 2001, the Company and Yahoo! entered into a Loan and Security Agreement (the "*Yahoo! Loan Agreement*") and an Intellectual Property Security Agreement. Yahoo! immediately advanced $2 million to the Company under the terms of the Yahoo! Loan Agreement, which loan is secured by substantially all of the assets of the Company including intellectual property assets but excluding certain items of equipment and the proceeds thereof. In addition, Yahoo! agreed to loan another $1 million upon the execution of definitive documents, if any, regarding the strategic transaction. The Yahoo! Loan Agreement provided that any funds loaned pursuant to its terms would be used for working capital purposes in accordance with a quarterly summary forecast submitted by the Company to Yahoo!. The loans under the Yahoo! Loan Agreement will be due and payable upon the earliest to occur of: (i) December 31, 2001, (ii) an event of default under the Yahoo! Loan Agreement, (iii) except as set forth in (iv) below, 90 days after termination of the Merger Agreement, or (iv) upon the termination of the Merger Agreement if such termination is due to a breach by the Company, the failure of the Company's Board to recommend the Offer and the Merger or the Company's acceptance of a third party's acquisition proposal.

Thereafter, representatives of the Company and Yahoo! negotiated the terms of a definitive merger agreement and discussed the unresolved issues. The discussions focused, in part, on Yahoo!'s conditioning the entering into any agreement on the Company negotiating a settlement with certain of the record label companies which were party to the Record Company Litigation. In addition, Yahoo! requested that the Company obtain a restructuring of The Warped Tour on terms acceptable to Yahoo! and that employment agreements and non-competition agreements be entered into with Mr. Goldberg and Mr. Roback. The discussions also focused on stockholder agreements which Yahoo! was requesting to be entered into by certain stockholders of the Company.

During this period, the Company, together with its legal advisors, conducted negotiations with the parties to The Warped Tour and with UMG Recordings, Inc. ("*UMG*"). Also during this period, Mr. Goldberg and Mr. Roback, represented by their own legal counsel, negotiated directly with Yahoo! regarding the terms of the proposed employment and noncompetition agreements. The Company's legal counsel did not participate in these negotiations.

On June 6, 2001, the Board reviewed a presentation from the Company's management and legal counsel regarding the status of negotiations and the Board discussed the open issues under the draft merger agreement and the responses thereto that would be acceptable to the Board, in particular the

option to purchase shares of the Company's stock and the terms of the requested stockholder agreements. The Board discussed the request of Yahoo! for a two week extension of the exclusivity letter and concluded that an extension of the exclusivity letter would be justified only if Yahoo! would agree to extend additional funds to the Company.

On the morning of June 8, 2001, the Board received an update from management, CSFB and the Company's legal counsel on the status of the negotiations with Yahoo!. The Board instructed CSFB to attempt to secure additional funding with an extension of its maturity in exchange for an extension of the exclusivity letter. The Board reconvened later in the afternoon of June 8, 2001 and received an update on the status of negotiations from Company management, CSFB and the Company's legal counsel. CSFB reported that Yahoo! would not extend additional funds and the Board determined to allow the exclusivity letter with Yahoo! to lapse. The Board then instructed management and CSFB to pursue negotiations with the other company which had expressed interest prior to the execution of the Yahoo! exclusivity agreement.

Management of the Company and CSFB pursued negotiations with the other company beginning on June 9, 2001. Representatives of the other company met with Company management in connection with their due diligence review of the Company during the period from June 13 through June 15, 2001 and the

Company continued to respond to additional due diligence requests from the interested parties and provide additional information through June 17, 2001. During this period, the Company continued separate negotiations with UMG and the parties to The Warped Tour transaction.

On June 15, 2001, following an update from Mr. Roback regarding the negotiation of a settlement agreement with UMG, Yahoo! indicated its interest in re-opening discussions with respect to a transaction with the Company. Representatives of the Company and Yahoo! continued discussions regarding the terms of an acquisition on June 16 and June 17, 2001.

On June 18, 2001, the Board reviewed a presentation from the Company's management and legal counsel regarding the status of negotiations with both Yahoo! and the other company. The Board received a presentation on the open issues under the draft merger agreement. The Board instructed CSFB to offer Yahoo! a short term renewal of the exclusivity letter if Yahoo! was willing to improve its offered price and to make certain changes to the Merger Agreement intended to increase the certainty that the transaction, once announced, was consummated.

On June 19, 2001, the Board reviewed a presentation from the Company's management and CSFB on the status of negotiations with both Yahoo! and the other company.

On June 20, 2001, the Board reviewed a presentation from the Company's management and legal counsel regarding the status of respective negotiations with both Yahoo! and the other company. The Board received a presentation on the open issues under the draft merger agreement. CSFB reported that Yahoo! was prepared to offer to a price per share of $0.92. Representatives of the Company and Yahoo! continued to negotiate transaction documents.

On June 21, 2001, the Board received an update on the status of negotiations with both Yahoo! and the other company. The Company's advisors reported that Yahoo! and the Company had reached agreement on outstanding issues under the Merger Agreement. The Board noted that there was cause for substantial uncertainty as to whether or not the other company would in fact make a higher offer; that while the other company had been provided access to the Company it had not completed all of its due diligence whereas Yahoo! had completed substantial due diligence; and that further delay would continue to deplete the Company's cash, absent additional commitments of bridge financing. The Board authorized the Company to, and the Company and Yahoo! did, enter into a new exclusivity letter which expired at midnight on June 22, 2001. Representatives of Yahoo! and the Company continued their discussions regarding definitive transaction agreements and the terms of additional funding of the Company by Yahoo!.

On June 22, 2001, the Board met with its advisors to review the draft Merger Agreement and to discuss the terms of the Offer and the Merger, as contemplated by the draft Merger Agreement, as well as the draft Stockholders Agreements. Additional changes to the draft Merger Agreement that had resulted from further negotiations were also discussed. CSFB then reviewed its financial analysis of the $0.92 per share Offer Price. The Board received the report of management on the status of negotiations regarding The Warped Tour restructuring and the settlement agreement with UMG. In addition, Mr. Goldberg and Mr. Roback reported on the status of negotiations regarding the employment agreements and noncompetition agreements as they had done at each other Board meeting since June 6, 2001. As the final proposed employment agreements were structured to be entered into with the Company, the Company's legal counsel reviewed the agreements on behalf of the Company. In light of these considerations and the factors described under "Reasons for Board Recommendation" of the Schedule 14D-9 that is being mailed to the stockholders of the Company, the Company's Board unanimously resolved to approve the Merger Agreement and recommend the Offer, subject to resolution of the UMG litigation and the receipt at another meeting of the Board within a short time period of the fairness opinion of CSFB.

On June 22, 2001, the Board of Directors of Yahoo! convened a meeting to consider the proposed transaction. At this meeting, representatives of Yahoo! reviewed the proposed terms of the acquisition and the results of the due diligence investigation of the Company that had been performed. Following a discussion of these matters, the Board authorized management to proceed with the transaction and to execute and deliver the Merger Agreement following the satisfactory resolution of the issues that had been identified as remaining open.

From June 22 to June 27, 2001, representatives of the Company continued negotiations with UMG regarding the UMG settlement. During this period, representatives of Yahoo!, at the request of the Company, entered the negotiations with UMG with the Company. Representatives of the Company and Yahoo! also continued negotiations of the Merger Agreement during this period. On June 27, 2001, the Company and UMG entered into a letter agreement with respect to the settlement of the UMG litigation (the "*UMG Letter Agreement*"). At this time Yahoo! requested that an additional condition to the closing of the Offer be added to the terms of the Merger Agreement which provided that the UMG Letter Agreement would not have been rescinded unless the Company had taken actions that would permit its rescission at the request of Yahoo! (the "*UMG Settlement Condition*").

On June 27, 2001, the Board met with its advisors to review the status of negotiations with Yahoo!. Changes to the draft Merger Agreement that had resulted from further negotiations, including the new UMG Settlement Condition and the removal of the receipt of third party consents as a condition to closing of the Offer, were also discussed. CSFB confirmed that its financial analysis of the $0.92 per share Offer Price had not changed in light of the changes to the Merger Agreement and delivered its oral fairness opinion (later confirmed in writing) to the effect that, as of such date and subject to the qualifications, assumptions and limitations stated in the opinion, the Offer Price was fair, from a financial point of view, to the Company's stockholders. In light of these considerations and the factors described under "Reasons for Board Recommendation" of the Schedule 14D-9 that is being mailed to the stockholders of the Company, the Company's Board unanimously affirmed its approval of the Merger Agreement as revised and its decision to recommend the Offer.

On June 27, 2001, the Merger Agreement and the Stockholders Agreements were finalized and executed. In addition, the Yahoo! Loan Agreement was amended, as discussed in Section 9—"Certain Information Concerning Yahoo! and the Purchaser."

On June 28, 2001, prior to the opening of trading on the Nasdaq National Market, the execution of the Merger Agreement was announced in a joint press release of the Company and Yahoo!.

Purpose of the Offer and the Merger.

The purpose of the Offer, the Merger and the Merger Agreement is to enable Yahoo! to gain control of, and acquire the entire equity interest in, the Company. The Offer is being made pursuant to the Merger Agreement and is intended to increase the likelihood that the Merger will be effected. The purpose of the Merger is to acquire all outstanding Shares not purchased pursuant to the Offer. The transaction is structured as a merger in order to ensure the acquisition by Yahoo! of all of the outstanding Shares.

If the Merger is consummated, Yahoo!'s equity interest in the Company would increase to 100% and Yahoo! would be entitled to all benefits resulting from that interest. These benefits include complete management with regard to the future conduct of the Company's business and any increase in its value. Similarly, Yahoo! will also bear the risk of any losses incurred in the operation of the Company and any decrease in the value of the Company.

Stockholders of the Company who sell their Shares in the Offer will cease to have any equity interest in the Company and to participate in its earnings and any future growth. If the Merger is consummated, stockholders will no longer have an equity interest in the Company and instead will have only the right to receive cash consideration pursuant to the Merger Agreement. See Section 12. Similarly, stockholders of the Company will not bear the risk of any decrease in the value of the Company after selling their Shares in the Offer or the subsequent Merger.

The primary benefits of the Offer and the Merger to the stockholders of the Company are that such stockholders are being afforded an opportunity to sell all of their Shares for cash at a price which represents a premium of approximately 59% over the closing market price of the Common Stock on the last full trading day prior to the public announcement that the Company, Yahoo! and the Purchaser executed the Merger Agreement, as well as a premium over other recent historical trading prices.

Merger Agreement.

The following is a summary of certain provisions of the Merger Agreement. The summary is qualified in its entirety by reference to the full text of the Merger Agreement, which is incorporated herein by reference. A copy of the Merger Agreement has been filed by Yahoo! and the Purchaser, pursuant to Rule 14d-3 under the Exchange Act, as Exhibit (d)(1) to the Schedule TO. The Merger Agreement may be examined and copies may be obtained at the places and in the manner set forth in Section 8.

The Offer. The Merger Agreement provides that the Purchaser will commence the Offer and that, upon the terms and subject to the prior satisfaction or waiver of the conditions to the Offer described in Section 14, the Purchaser will purchase all Shares validly tendered and not withdrawn pursuant to the Offer. The Merger Agreement provides that, without the written consent of the Company, the Purchaser will not (i) decrease the Offer Price, (ii) change the form of consideration payable in the Offer, (iii) decrease the number of Shares sought to be purchased in the Offer, (iv) impose conditions to the Offer in addition to those described in Section 14, (v) amend any condition to the Offer described in Section 14 in a manner adverse to the holders of Shares, or (vi) extend the Offer beyond the date that is 20 business days after the commencement of the Offer (the "*Initial Expiration Date*"), except as required by law and except that the Purchaser may, without the consent of the Company, extend the Initial Expiration Date for one or more periods that are the shortest periods that the Purchaser reasonably believes are necessary, up to an aggregate of an additional 15 business days, if the Merger Agreement is still in effect, neither Yahoo! nor the Purchaser is in material breach of the Merger Agreement and the Minimum Condition or any other condition to the Offer set forth in Section 14 has not been satisfied.

Following expiration of the Offer, the Purchaser may, in its sole discretion, provide a "*Subsequent Offering Period*" of from 3 to 20 business days in accordance with Rule 14d-11 under the Exchange Act.

In addition, the Purchaser may increase the Offer Price and extend the Offer to the extent required by law in connection with such increase, in each case without the Company's consent.

The Purchaser shall, on the terms and subject to the prior satisfaction or waiver of the conditions to the Offer, consummate the Offer in accordance with its terms and accept for payment and pay for all Shares tendered pursuant to the Offer as soon as the Purchaser is legally permitted to do so under applicable law.

The Merger. The Merger Agreement provides that, following the consummation of the Offer, subject to the terms and conditions thereof, at the Effective Time (i) the Purchaser shall be merged with and into the Company and, as a result of the Merger, the separate corporate existence of the Purchaser shall cease, (ii) the Company shall be the successor or surviving corporation (sometimes referred to as the "*Surviving Corporation*") in the Merger and shall continue to be governed by the laws of the State of Delaware, and (iii) the separate corporate existence of the Company with all its rights, privileges, immunities, powers and franchises shall continue unaffected by the Merger.

The respective obligations of Yahoo! and the Purchaser, on the one hand, and the Company, on the other hand, to effect the Merger are subject to the satisfaction on or prior to the closing of the Merger ("*Closing Date*") of each of the following conditions: (i) the Merger Agreement shall have been approved and adopted by the requisite vote of the holders of the Shares, to the extent required by the Company's certificate of incorporation and the DGCL in order to consummate the Merger, (ii) no statute, rule or regulation shall have been enacted or promulgated by any U.S. governmental entity which prohibits the consummation of the Merger, and there shall be no order or injunction of a court of competent jurisdiction in effect preventing the consummation of the Merger, and (iii) the Purchaser shall have purchased, or caused to be purchased, all Shares validly tendered in the Offer, provided that this condition shall be deemed to have been satisfied if the Purchaser fails to accept for payment or pay for Shares validly tendered pursuant to the Offer in violation of the terms of the Offer or the Merger Agreement.

At the Effective Time (i) each issued and outstanding share of common stock of Purchaser will be converted into and become one fully paid and nonassessable share of common stock of the Surviving Corporation, (ii) each Share that is owned by the Company as treasury stock and each Share owned by Yahoo!, the Purchaser or any other wholly owned subsidiary of Yahoo! will be cancelled and retired and will cease to exist, and no consideration will be delivered in exchange therefor, and (iii) each issued and outstanding Share will be converted into the right to receive the Offer Price, without interest, paid pursuant to the Offer.

The Company's Board of Directors. The Merger Agreement provides that promptly upon the purchase of and payment for any Shares by Yahoo! or the Purchaser which represents at least a majority of the outstanding Shares on a fully diluted basis, Yahoo! shall be entitled to designate such number of directors, rounded up to the next whole number, on the Company's board of directors as is equal to the product of the total number of directors on the Company's board of directors multiplied by the percentage that the aggregate number of Shares beneficially owned by the Purchaser, Yahoo! and any of their affiliates bears to the total number of Shares then outstanding (on a fully diluted basis without giving effect to Shares subject to purchase pursuant to the Stockholders Agreements or Shares owned by the Company or any of its subsidiaries). The Company shall, upon Yahoo!'s request, use its reasonable efforts either to promptly increase the size of the Company's board of directors, including by amending the bylaws of the Company if necessary so as to increase the size of the Company's board of directors, or promptly secure the resignations of such number of its incumbent directors, or both, as is necessary to enable Yahoo!'s designees to be so designated to the Company's board of directors, and shall use its reasonable best efforts to cause Yahoo!'s designees to be so designated at such time. In addition, to the extent permitted by applicable law and the rules of the Nasdaq National Market, upon Yahoo!'s request, the Company shall cause persons designated or elected by Yahoo! to constitute the

same percentage (rounded up to the nearest whole number) as is on the Company's board of directors of each committee of the board of directors of the Company and the board of directors of each subsidiary of the Company and any committees thereof. The Company's obligations with respect to this section of the Merger Agreement are subject to Section 14(f) of the Exchange Act and Rule 14(f)-1 promulgated thereunder.

If Yahoo!'s designees are designated to the Company's board of directors, then, until the Effective Time, the Company shall cause its board of directors to have at least two non-employee directors who were directors on the date of the Merger Agreement (the "*Independent Directors*"); however, if any Independent Director is unable to serve due to death or disability, the remaining Independent Director(s) shall be entitled to designate another person (or persons) who served as a director on the date of the Merger Agreement to fill such vacancy, and such person (or persons) shall be deemed to be an Independent Director for purposes of the Merger Agreement. If no Independent Director then remains, the other directors shall designate two persons who were directors on the date of the Merger Agreement (or, in the event there shall be less than two directors available to fill such vacancies as a result of such persons' deaths, disabilities or refusals to serve, such smaller number of persons who were directors on the date of the Merger Agreement) to fill such vacancies and such persons shall be deemed Independent Directors for purposes of the Merger Agreement. If Yahoo!'s designees constitute a majority of the Company's board of directors after the election of such directors in accordance with the Merger Agreement and prior to the Effective Time, then the board of directors of the Company shall delegate to a committee comprised solely of the Independent Directors the sole responsibility for (i) the amendment or termination of the Merger Agreement by the Company, (ii) the waiver of any of the Company's rights or remedies under the Merger Agreement, (iii) the extension of time for performance of Yahoo!'s or the Purchaser's obligations hereunder, or (iv) the assertion or enforcement of the Company's rights to object to a termination of the Merger Agreement. In addition, if Yahoo!'s designees constitute a majority of the Company's board of directors after the acceptance for payment of Shares pursuant to the Offer and prior to the Effective Time, then, the affirmative vote of a majority of the Independent Directors (or, if there is only one Independent Director, the affirmative vote of such Independent Director) shall be required to (i) amend the certificate of incorporation or bylaws of the Company if such action would materially and adversely affect holders of Shares other than Yahoo! or the Purchaser, or (ii) take any other action of the Company's board of directors under or in connection with the Merger Agreement if such action would materially and adversely affect holders of Shares other than Yahoo! or the Purchaser. In the event that there are no Independent Directors as a result of such persons' deaths, disabilities or refusal to serve, then any such actions may be effected by majority vote of the Company's entire board of directors.

Stockholders' Meeting. Pursuant to the Merger Agreement, the Company will, if required by applicable law in order to consummate the Merger, (i) duly call, give notice of, convene and hold a special meeting of its stockholders as soon as reasonably practicable following the later of the acceptance for payment and purchase of Shares by the Purchaser pursuant to the Offer and the completion of any Subsequent Offering Period for the purpose of considering and taking action upon the Merger Agreement, (ii) prepare and file with the Commission a preliminary proxy or information statement relating to the Merger and the Merger Agreement and use its reasonable efforts to obtain and furnish the information required to be included by the Commission in the Proxy Statement (as hereinafter defined) and, after consultation with Yahoo!, respond promptly to any comments made by the Commission with respect to the preliminary proxy or information statement (the "*Proxy Statement*") to be mailed to its stockholders, (iii) include in the Proxy Statement the recommendation of the Company's board of directors that stockholders of the Company vote in favor of the approval of the Merger and the Merger Agreement, and (iv) use its reasonable efforts to solicit from holders of Shares proxies in favor of the Merger and take all other action reasonably necessary or advisable to secure the approval of stockholders required by the DGCL and any other applicable law to effect the Merger;

provided that the obligations set forth in clauses (iii) and (iv) are subject to certain provisions of the "No Solicitation" section of the Merger Agreement, as summarized below.

The Merger Agreement provides that Yahoo! will vote, or cause to be voted, all of the Shares then owned by it, the Purchaser or any of its other subsidiaries and affiliates in favor of the approval of the Merger and the Merger Agreement.

In the event that Yahoo!, the Purchaser or any other subsidiary of Yahoo! shall acquire at least 90% of the outstanding shares of each class of capital stock entitled to vote on the Merger, pursuant to the Offer or otherwise, Yahoo!, the Purchaser and the Company shall take all necessary and appropriate action to cause the Merger to become effective as soon as practicable after such acquisition, without a meeting of stockholders of the Company, in accordance with Section 253 of the DGCL.

Company Stock Plans and Warrants. The Merger Agreement provides that as of the Effective Time, each outstanding employee stock option, stock equivalent right or right to acquire Shares (each, an "*Option*") granted under the Company's 1994 Stock Option Plan and the Company's 1998 Stock Option Plan (collectively, the "*Option Plans*"), as well as each outstanding warrant to purchase Common Stock ("*Warrants*"), whether or not then exercisable or vested, shall be, immediately prior to the Effective Time, (i) deemed to be 100% vested and exercisable, and (ii) cancelled, and, in consideration of such cancellation, Yahoo! shall, or shall cause the Surviving Corporation to, pay to such holders of Options and Warrants, an amount in respect thereof equal to the product of (a) the excess, if any, of the Offer Price over the exercise price of each such Option or Warrant, and (b) the number of Shares subject thereto (such payment, if any, to be net of applicable withholding and excise taxes). As of the Effective Time, the Option Plans, the Options and the Warrants will terminate and all rights under any provision of any other plan, program or arrangement providing for the issuance or grant of any other interest in respect of the capital stock of the Company or any subsidiary of the Company will be cancelled. The Company will use its best efforts to effectuate the foregoing, including, but not limited to, obtaining all consents necessary to cash out and cancel all Options and Warrants necessary to ensure that, after the Effective Time, no Person will have any right under the Option Plans, the Warrants or any other plan, program or arrangement with respect to equity securities of the Surviving Corporation or any subsidiary thereof.

The Merger Agreement provides that the Board of Directors of the Company shall take all action necessary to cause (i) any Purchase Periods (as defined in the Company's 1999 Employee Stock Purchase Plan (the "*ESPP*")) then in progress to be shortened setting a new purchase date as of a date prior to the acceptance for payment by Yahoo! of Shares pursuant to the Offer, and any Purchase Periods then in progress to end on such new purchase date, and (ii) the termination of the ESPP effective as of a time following such new purchase date but at or prior to the Effective Time, as may be requested by Yahoo!.

Interim Operations; Covenants. Pursuant to the Merger Agreement, the Company has agreed that, until the earlier of the termination of the Merger Agreement pursuant to its terms or the Effective Time, the Company and each of its subsidiaries shall, except as otherwise agreed in writing by Yahoo!, (i) carry on its business in the usual, regular and ordinary course, in substantially the manner as conducted up to the execution of the Merger Agreement and in compliance in all material respects with all applicable laws and regulations, (ii) pay its debts and taxes when due subject to good faith disputes, (iii) pay or perform other material obligations when due, and (iv) use its commercially reasonable efforts consistent with past practices and policies to preserve intact its present business organization, keep available the services of its present officers and employees and preserve its relationships with customers, suppliers, licensors, licensees and others with which it has business dealings. In addition, except as contemplated by the Merger Agreement or the schedules thereto, until the earlier of the termination of the Merger Agreement in accordance with its terms and the Effective

Time, without the prior written consent of Yahoo!, the Company and its subsidiaries will not (a) waive any stock repurchase rights, accelerate, amend or change the period of exercisability of options or restricted stock, or reprice options granted under any employee, consultant, director or other stock plans or authorize cash payments in exchange for any options granted under any of such plans, (b) grant any severance or termination pay to any officer or employee except pursuant to written agreements or policies in effect as of the date of the Merger Agreement, or adopt any new severance plan, (c) transfer or license to any person or entity or otherwise extend, amend or modify in any material respect any rights to the Company's intellectual property, other than pursuant to non-exclusive licenses in the ordinary course of business and consistent with past practice, (d) declare, set aside or pay any dividend or other distribution payable in cash, stock or property with respect to its capital stock, or split, combine or reclassify any capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for any capital stock, (e) purchase, redeem or otherwise acquire, directly or indirectly, any shares of capital stock of the Company or its subsidiaries, except for repurchases of unvested shares at cost from an employee in connection with the termination of the employment relationship pursuant to stock option or purchase agreements in effect as of June 27, 2001, (f) issue, deliver, sell, authorize, pledge or otherwise encumber any shares of capital stock or any securities convertible into shares of capital stock, or subscriptions, rights, warrants or options to acquire any shares of capital stock or any securities convertible into shares of capital stock, or enter into other agreements or commitments of any character obligating it to issue any such shares or convertible securities, other than the issuance delivery and/or sale of (i) shares of Common Stock pursuant to the exercise of stock options or warrants therefor, and (ii) shares of Common Stock issuable to participants in the ESPP consistent with the terms thereof, (g) cause, permit or propose any amendments to its certificate of incorporation, bylaws or other charter documents (or similar governing instruments of any of its subsidiaries), (h) acquire or agree to acquire by merging or consolidating with, or by purchasing any equity interest in or a portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire or agree to acquire any assets which are material, individually or in the aggregate, to the business of the Company or enter into any joint ventures, strategic partnerships or alliances, (i) sell, lease, license, encumber or otherwise dispose of any properties or assets which are material, individually or in the aggregate, to the business of the Company, (j) incur any indebtedness for borrowed money or guarantee any such indebtedness of another person, issue or sell any debt securities or options, warrants, calls or other rights to acquire any debt securities of the Company, enter into any "keep well" or other agreement to maintain any financial statement condition or enter into any arrangement having the economic effect of any of the foregoing other than (i) in connection with the financing of ordinary course trade payables consistent with past practice, or (ii) pursuant to existing credit facilities in the ordinary course of business, (k) adopt or amend any employee benefit plan or employee stock purchase or employee stock option plan, or enter into any employment contract or collective bargaining agreement (other than offer letters and letter agreements entered into in the ordinary course of business consistent with past practice with employees who are terminable "at will"), pay any special bonus or special remuneration to any director or employee, or increase the salaries or wage rates or fringe benefits (including rights to severance or indemnification) of its directors, officers, employees or consultants other than in the ordinary course of business, consistent with past practice, (l) modify, amend or terminate any material contract or agreement to which the Company or any subsidiary thereof is a party, including any joint venture agreement, or waive, release or assign any material rights or claims thereunder, (m) enter into any licensing, distribution, sponsorship, advertising, merchant program, encoding services, hosting or other similar contracts, agreements, or obligations which may not be canceled without penalty by the Company or its subsidiaries upon notice of 30 days or less or which provide for payments by or to the Company or its subsidiaries in an amount in excess of $25,000 over the term of the agreement or which involve any exclusive terms of any kind, (n) revalue any of its assets or, except as required by generally accepted accounting principles, make any change in accounting methods, principles or practices, (o) take any action, or omit to take any action, that would

constitute an event of default under the Loan Agreement, (p) fail to make in a timely manner any filings with the Commission required under the Securities Act or the Exchange Act or the rules and regulations promulgated thereunder, (q) take any action, or omit to take any action, that would be reasonably likely to constitute a breach of the UMG Letter Agreement or would reasonably be expected to result in the termination of such agreement or permit the exercise by UMG of any right of recession thereunder, (r) engage in any action with the intent to directly or indirectly adversely impact any of the transactions contemplated by this Agreement, or (s) agree in writing or otherwise to take any of the foregoing actions.

No Solicitation. Pursuant to the Merger Agreement, the Company has agreed to immediately cease and cause to be terminated all discussions, negotiations and communications with any persons or entities with respect to any offer or proposal relating to any transaction or series of related transaction other than the transactions contemplated by the Merger Agreement involving (i) any acquisition or purchase from the Company of more than a 15% interest in the total outstanding voting securities of the Company or any of its subsidiaries, (ii) any tender offer or exchange offer that would result in any person or group owning 15% or more of the total outstanding voting securities of the Company or any of its subsidiaries, (iii) any merger, consolidation, business combination or other similar transaction involving the Company pursuant to which the stockholders of the Company immediately preceding such transaction hold less than 85% of the equity interests in the surviving or resulting entity of such transaction, (iv) any sale, lease (other than in the ordinary course of business), exchange, transfer, license (other than in the ordinary course of business), acquisition or disposition of more than 50% of the assets of the Company, or (v) any liquidation or dissolution of the Company (each, an "*Acquisition Proposal*"). Except as provided below, until the earlier of termination of the Merger Agreement or the Effective Time, the Company will not and will not authorize or permit its officers, directors, employees, investment bankers, attorneys, accountants or other agents (collectively, "*Representatives*") to directly or indirectly (a) initiate, solicit or knowingly encourage, or knowingly take any action to facilitate the making of, any offer or proposal which constitutes or is reasonably likely to lead to any Acquisition Proposal, (b) enter into any agreement with respect to any Acquisition Proposal, or (c) in the event of an unsolicited Acquisition Proposal for the Company, engage in negotiations or discussions with, or provide any information or data to, anyone (other than Yahoo! or any of its affiliates or representatives) relating to any Acquisition Proposal. Any violation of the foregoing restrictions by any of the Company's Representatives will be deemed a breach of the Merger Agreement by the Company. Notwithstanding the foregoing, nothing contained in the Merger Agreement will prohibit the Company or its board of directors from taking and disclosing to the Company's stockholders its position with respect to any tender or exchange offer by a third party pursuant to Rules 14d-9 and 14e-2 under the Exchange Act or making such disclosure to the Company's stockholders as in the good faith judgment of the Company's board of directors is required, only after receipt of advice from outside legal counsel to the Company that such disclosure is required under applicable law and that the failure to make such disclosure is reasonably likely to cause the Company's board of directors to violate its disclosure obligations to the Company's stockholders under applicable law.

Notwithstanding the foregoing, prior to the acceptance of Shares pursuant to the Offer, the Company may furnish information concerning its business, properties or assets to any person or entity pursuant to a confidentiality agreement with terms no less favorable to the Company than those contained in a Confidentiality Agreement, dated April 27, 2000, entered into between Yahoo! and the Company (the "*Confidentiality Agreement*") including customary standstill provisions, and may negotiate and participate in discussions and negotiations with such person concerning an Acquisition Proposal if, but only if, (x) such Acquisition Proposal provides for consideration to be received by the holders of all, but not less than all, of the issued and outstanding Shares, (y) such entity or group has on an unsolicited basis, and in the absence of any violation of the Merger Agreement by the Company, submitted a bona fide written proposal to the Company relating to any such transaction which the Company's board of directors determines in good faith, after receiving advice from CSFB or another

nationally recognized investment banking firm, involves consideration to the holders of the Shares that is superior to the consideration offered pursuant to the Offer and otherwise represents, or is reasonably likely to result in, a superior transaction to the Offer and the Merger and for which any necessary financing is committed or, in the reasonable judgment of the Company's board of directors, is reasonably likely to be obtained, and (z) in the good faith opinion of the Company's board of directors, after consultation with outside legal counsel to the Company, the failure to provide such information or access or to engage in such discussions or negotiations would cause the Company's board of directors to violate its fiduciary duties to the Company's stockholders under applicable law (an Acquisition Proposal which satisfies clauses (x), (y) and (z) being referred to as a "*Superior Proposal*"). The Company will promptly, and in any event within 24 hours following receipt of a Superior Proposal and prior to providing any such party with any material non-public information, notify Yahoo! of the receipt of the same, which notice shall include the identity of the other party and the terms of such Superior Proposal. The Company will promptly provide to Yahoo! any material non-public information regarding the Company provided to any other party which was not previously provided to Yahoo!, such additional information to be provided no later than the date of provision of such information to such other party.

The Merger Agreement provides that except as otherwise set forth therein, neither the Company's board of directors nor any committee thereof will (i) withdraw or modify, or propose to withdraw or modify, in a manner adverse to the transactions contemplated by the Merger Agreement, to Yahoo! or to the Purchaser, the approval or recommendation by the Company's board of directors or any such committee of the Offer, the Merger Agreement or the Merger, (ii) approve or recommend or propose to approve or recommend, any Acquisition Proposal, or (iii) enter into any agreement with respect to any Acquisition Proposal. Notwithstanding the foregoing, prior to the time of acceptance for payment of Shares in the Offer, the Company's board of directors may (subject to the terms of this and the following sentence) withdraw or modify its approval or recommendation of the Offer, the Merger Agreement or the Merger, approve or recommend a Superior Proposal, or enter into an agreement with respect to a Superior Proposal (other than a confidentiality agreement entered into in compliance with the terms of the Merger Agreement), in each case at any time after the fifth business day following the Company's delivery to Yahoo! of written notice advising Yahoo! that the Company's board of directors has received a Superior Proposal, specifying the material terms and conditions of such Superior Proposal and identifying the Person making such Superior Proposal; provided, however, that the Company shall not enter into an agreement with respect to a Superior Proposal unless the Company shall also have terminated the Merger Agreement in accordance with its terms. Any such withdrawal, modification or change of the recommendation of the Company's board of directors, the approval or recommendation or proposed approval or recommendation of any Superior Proposal or the entry by the Company into any agreement with respect to any Superior Proposal shall not change the approval of the Company's board of directors for purposes of causing any state takeover statute or other state law to be inapplicable to the transactions contemplated by the Merger Agreement, including each of the Offer, the Merger and the Stockholders Agreements.

The Merger Agreement provides that the Company may terminate the Merger Agreement and enter into a letter of intent, agreement-in-principle, acquisition agreement or other similar agreement with respect to such Superior Proposal in accordance with the foregoing, provided that, prior to any such termination, (i) the Company has provided Yahoo! written notice that it intends to terminate the Merger Agreement in accordance with its terms, identifying the Superior Proposal then determined to be more favorable and the parties thereto and delivering a copy of the acquisition agreement for such Superior Proposal in the form to be entered into, (ii) during the period following the delivery of such notice, during which Yahoo! will have the right to propose adjustments in the terms and conditions of the Merger Agreement and the Company will have caused its financial and legal advisors to negotiate with Yahoo! in good faith such proposed adjustments in the terms and conditions of the Merger Agreement, and (iii) at least five full days after the Company has provided such notice, the Company

delivers to Yahoo! (a) a written notice of termination of the Merger Agreement in accordance with its terms, and (b) a cashier's check in the amount of the Termination Fee (as defined below).

Indemnification and Insurance. From and after the time that the Purchaser shall acquire Shares satisfying the Minimum Condition, Yahoo! will cause the Company to fulfill and honor in all respects the obligations of the Company pursuant to any indemnification agreements between the Company and its directors and officers as of the Effective Time (the "*Indemnified Parties*") and any indemnification provisions under the Company's certificate of incorporation or bylaws in effect as of the date of the Merger Agreement. The certificate of incorporation and bylaws of the Surviving Corporation will contain provisions with respect to exculpation and indemnification that are at least as favorable to the Indemnified Parties as those contained in the certificate of incorporation and bylaws of the Company as in effect as of the date of the Merger Agreement, which provisions will not be amended, repealed or otherwise modified for a period of six years from the Effective Time in any manner that would adversely affect the rights thereunder of individuals who, immediately prior to the Effective Time, were directors, officers, employees or agents of the Company, unless such modification is required by law.

For a period of six years after the Effective Time, Yahoo! will cause the Surviving Corporation to use its commercially reasonable efforts to maintain in effect, if available, directors' and officers' liability insurance covering those persons who are currently covered by the Company's directors' and officers' liability insurance policy on terms comparable to those applicable to the directors and officers of the Company as of the date of the Merger Agreement; *provided, however*, that if the aggregate annual premiums for such insurance at any time during such period exceed 150% of the annual premium paid by the Company as of the date of the Merger Agreement for such coverage (the "*Current Annual Premium Amount*"), then Yahoo! or the Surviving Corporation will provide the maximum coverage then available at 150% of the Current Annual Premium Amount.

Representations and Warranties. Pursuant to the Merger Agreement, the Company has made customary representations and warranties to Yahoo! and the Purchaser with respect to, among other things, its organization, capitalization, authority relative to the transactions contemplated by the Merger Agreement, filings with the Commission, financial statements, the absence of certain changes or events, taxes, title to properties, the absence of liens and encumbrances on its properties, intellectual property, compliance with laws, litigation, employee benefit plans, environmental matters, certain agreements, information in the proxy statement that may be required to be mailed to holders of Shares in connection with the Merger, information that the Company may have provided in this Offer to Purchase and the Schedule 14D-9 filed by the Company in accordance with the Exchange Act, the inapplicability of Section 203 of the DGCL, board approval of the Merger Agreement and the transactions contemplated thereby, broker's and finder's fees payable in connection with the transactions contemplated by the Merger Agreement and the opinion of CSFB.

Pursuant to the Merger Agreement, each of Yahoo! and the Purchaser has made customary representations and warranties to the Company with respect to, among other things, its organization, authority relative to the transactions contemplated by the Merger Agreement, information that each of Yahoo! and the Purchaser may provide in the proxy statement (if any), information that each of Yahoo! and the Purchaser has provided in this Offer to Purchase and the other documents filed by Yahoo! and the Purchaser in accordance with the Exchange Act, Purchaser's financial ability to consummate the Offer and the ownership of Common Stock by Yahoo! and the Purchaser.

The representations and warranties of the Company, Yahoo! and the Purchaser terminate as of the Effective Time.

Termination; Fees. The Merger Agreement may be terminated and the transactions contemplated therein abandoned at any time prior to the Effective Time, whether before or after approval of the stockholders of the Company:

a. By mutual written consent of Yahoo! and the Company; or

b. By either Yahoo! or the Company if a court of competent jurisdiction or other governmental entity shall have issued an order, decree or ruling or taken any other action, in each case permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement or the Stockholders Agreements; or

c. By Yahoo! if due to an occurrence or circumstance that would result in a failure to satisfy any condition set forth Section 14, the Purchaser shall have (i) failed to commence the Offer within 10 business days following the date of the Merger Agreement, (ii) terminated the Offer without having accepted any Shares for payment thereunder or (iii) failed to accept Shares for payment pursuant to the Offer within 90 days following commencement of the Offer, unless such action or inaction under clauses (i), (ii) or (iii) shall have been caused by or resulted from the failure of Yahoo! or Purchaser to perform, in any material respect, any of their material covenants or agreements contained in the Merger Agreement, or the material breach by Yahoo! or the Purchaser of any of their material representations or warranties contained in the Merger Agreement; or

d. By the Company if the Purchaser shall have (i) failed to commence the Offer within ten business days following the date of the Merger Agreement, (ii) terminated the Offer without having accepted any Shares for payment thereunder or (iii) failed to accept Shares for payment pursuant to the Offer within 90 days following commencement of the Offer, unless such action or inaction under clauses (i), (ii) or (iii) shall have been caused by or resulted from the failure of the Company to perform, in any material respect, any of its material covenants or agreements contained in the Merger Agreement, or the material breach by the Company of any of its material representations or warranties contained in the Merger Agreement; or

e. By Yahoo!, at any time prior to the purchase of the Shares pursuant to the Offer, if (i) the Company's Board of Directors shall have withdrawn, modified, or changed its recommendation in respect of the Merger Agreement or the Offer in a manner adverse to the transactions contemplated by the Merger Agreement, to Yahoo! or to the Purchaser, (ii) the Company's Board of Directors shall have recommended any proposal other than by Yahoo! or the Purchaser in respect of an Acquisition Proposal, (iii) the Company shall have exercised a right with respect to a Superior Proposal and shall, directly or through its representatives, continue discussions with any third party concerning a Superior Proposal for more than ten days after the date of receipt of such Superior Proposal, (iv) an Acquisition Proposal shall have been commenced, publicly proposed or communicated to the Company or its stockholders and the Company shall not have rejected such proposal within ten business days of its receipt or, if sooner, within ten business days of the date its existence first becomes publicly disclosed, or (v) the Company shall have violated or breached any of its obligations referenced above under "No Solicitation" in any material respect.

f. By the Company in connection with entering into an agreement with respect to a Superior Proposal, as set forth above under "No Solicitation."

If Yahoo! shall have terminated the Merger Agreement pursuant to clause (e) above or the Company shall have terminated the Merger Agreement pursuant to clause (f) above, then the Company shall pay to Yahoo! a termination fee of $480,000 (the "*Termination Fee*"), payment of which shall be a condition to the effectiveness of any termination pursuant to clause (f) above. In the case of a termination pursuant to clause (e) above, the Termination Fee shall be due and payable no later than two business days following the termination.

In addition, the Company shall pay to Yahoo! the Termination Fee in the event that each of the following shall occur: (i) Yahoo! shall have terminated the Merger Agreement pursuant to clause (c) above (but only if such termination is the result of the failure of the Minimum Condition or the occurrence of an event set forth in subsections (d) or (f) of Section 14 below); (ii) following the date of the Merger Agreement but prior to such termination an Acquisition Proposal shall have been commenced, publicly proposed or communicated to the Company or its stockholders; and (iii) within nine months following such termination, the Company shall have entered into an agreement with respect to an Acquisition Proposal or shall have consummated the transaction contemplated by an Acquisition Proposal.

Option to Acquire Additional Shares. In the event that pursuant to the Offer Yahoo!, the Purchaser and other subsidiaries of Yahoo! own at least 75% of the outstanding shares of Common Stock and, to the extent that the Company has a sufficient number of authorized shares of Common Stock, Yahoo! and the Purchaser have an irrevocable option to purchase, at the Offer Price, the number of shares of Company common stock (the "*Purchase Option Shares*") necessary to constitute, together with such shares held by Yahoo! and the Purchaser and its other subsidiaries, one share more than 90% of the outstanding Shares on a fully diluted basis (after giving effect to the issuance of the Purchase Option Shares). The exercise of such option in full by Yahoo! would enable Yahoo!, the Purchaser and the Company to effect the Merger without a meeting of stockholders of the Company in accordance with Section 253 of the DGCL.

Dissenters Rights. Holders of Shares do not have dissenters' rights as a result of the Offer. However, if the Merger is consummated, holders of Shares will have certain rights pursuant to the provisions of Section 262 of the DGCL to refuse the merger consideration to which he, she or it would otherwise be entitled under the Merger Agreement and to exercise such holder's rights to have such shares appraised by the Court of Chancery of the State of Delaware and obtain payment of the "fair value," together with a fair rate of interest, if any, as determined by such court, for his, her or its shares, if the statutory terms are complied with under the DGCL. Any such judicial determination of fair value under the DGCL takes into account all relevant factors, but excludes any appreciation or depreciation in anticipation of the applicable merger. If any holder of Shares who demands appraisal but fails to perfect, or effectively withdraws or loses his, her or its right to appraisal and payment, as in accordance with the procedures of Section 262 of the DGCL, the Shares of such holder will be converted into the per share Merger Consideration in accordance with the Merger Agreement. The foregoing discussion is not a complete statement of law pertaining to dissenters' rights under the DGCL and is qualified in its entirety by the full text of Section 262 of the DGCL.

Stockholders Agreements.

The following is a summary of certain provisions of certain Stockholders Agreements dated as of June 27, 2001 by and among Yahoo!, the Purchaser and the Stockholders. The summary is qualified in its entirety by reference to the full texts of the Stockholders Agreements which are incorporated herein by reference and copies of which have been filed with the Commission as Exhibits (d)(2) and (d)(3) to the Schedule TO.

As a condition and inducement to Yahoo! and the Purchaser entering into the Merger Agreement, each of the Stockholders, who are the record and beneficial owners of an aggregate of 3,657,912 outstanding Shares, representing beneficial ownership of approximately 27% of the Shares outstanding on June 21, 2001,

entered into Stockholders Agreements concurrently with the execution and delivery of the Merger Agreement. The Stockholders include certain directors and officers of the Company.

Each Stockholder has agreed that, prior to the termination of the Stockholders Agreements pursuant to its terms, he or it will not (i) transfer, assign, sell, gift-over, pledge or otherwise dispose of, or consent to any of the foregoing ("*Transfer*"), any or all of the Shares or any right or interest therein;

(ii) enter into any contract, option or other agreement, arrangement or understanding with respect to any Transfer; (iii) grant any proxy, power-of-attorney or other authorization or consent with respect to any of the Shares; (iv) deposit any of the Shares into a voting trust, or enter into a voting agreement or arrangement with respect to any of the Shares; or (v) take any other action that would in any way restrict, limit or interfere with the performance of the Stockholder's obligations under the Stockholders Agreements or the transactions contemplated thereby.

Each Stockholder has agreed to tender his or its Shares into the Offer as promptly as practicable and to not withdraw any Shares so tendered unless the Offer is terminated or has expired without the Purchaser purchasing all shares of Common Stock validly tendered in the Offer.

Each Stockholder (i) has agreed to vote such Stockholder's Shares in favor of the Merger Agreement and the Merger, (ii) has agreed to vote against any other Acquisition Proposal or Frustrating Transactions (as defined in the Stockholders Agreements), and (iii) has granted Yahoo! an irrevocable proxy with respect to the voting of such Shares in favor of the Merger. In addition, each Stockholder has agreed to cease discussions, negotiations and communications relating to any Acquisition Proposal and to notify Yahoo! and the Purchaser immediately of any proposals, information requests, negotiations or discussions relating to any Acquisition Proposal.

Subject to the terms and conditions of the Stockholders Agreements, each Stockholder has granted to Yahoo! an irrevocable and continuing option to purchase for cash all or any Shares beneficially owned or controlled by such Stockholder as of the date of the Stockholders Agreements, or beneficially owned or controlled by such Stockholder at any time after the date of the Stockholders Agreements (including, without limitation, by way of exercise of options, warrants or other rights to purchase Common Stock as contemplated by the Stockholders Agreements or by way of dividend, distribution, exchange, merger, consolidation, recapitalization, reorganization, stock split, grant of proxy or otherwise) by such Stockholder (as adjusted as set forth in the Stockholders Agreements) (the "*Stockholder Option Shares*") but not tendered by such Stockholder in accordance with the Officer and the Stockholders Agreements at a purchase price equal to the Offer Price. In addition, Yahoo! may exercise the Stockholder Option, in whole or in part, with respect to the Stockholders who are executive officers and directors of the Company, affiliates of such executive officers and directors of the Company or certain other Stockholders of the Company (who hold 2,316,569 Shares or approximately 17.1% of the Company's outstanding Shares as of June 21, 2001), (i) if any of the events described above in clause (e) under "Merger Agreement—Termination; Fees" shall have occurred, (ii) if the Merger Agreement is terminated as set forth in clause (f) above under "Merger Agreement—Termination; Fees," or (iii) in the event that the Merger Agreement is terminated as set forth in clause (c) above because of a failure to meet the Minimum Condition or the occurrence of an event set forth in clause (d) or clause (f) below in Section 14 and following the date of the Merger Agreement and prior to such termination an Acquisition Proposal shall have been commenced, publicly proposed or communicated to the Company or its stockholders.

The Stockholders Agreements and all rights and obligations of the parties thereunder, shall terminate 60 days following any termination of the Merger Agreement resulting in the potential exercise of the Stockholder Option, as set forth in the preceding paragraph, and immediately upon any other termination of the Merger Agreement in accordance with its terms.

Confidentiality Agreement.

The following is a summary of certain provisions of the Confidentiality Agreement and a side letter to the Confidentiality Agreement, dated July 2, 2001, between the Company and Yahoo! (the "*Side Letter*"). The following summary of the Confidentiality Agreement and Side Letter does not purport to be complete and is qualified by reference to the full texts of the Confidentiality Agreement and Side Letter, which are incorporated herein by reference and copies of which are filed as Exhibits (d)(14) and (d)(15), respectively, to the Schedule TO.

Under the Confidentiality Agreement the Company and Yahoo! agreed to furnish certain confidential information (the "*Confidential Evaluation Material*") to each other concerning their businesses, operational and financial conditions to the other party and the other party's representatives in connection with the evaluation of a possible transaction between Yahoo! and the Company. Yahoo! and the Company agreed that each would use the Confidential Evaluation Material solely for the purpose of evaluating a possible transaction between Yahoo! and the Company, and that Yahoo!, the Company, their respective representatives, and anyone to whom Yahoo! or the Company disclosed the Confidentiality Evaluation Material as permitted under the Confidentiality Agreement would keep such information confidential. In addition, Yahoo! and the Company agreed not to disclose the existence of discussions or negotiations with respect to the possible transaction between Yahoo! and the Company.

Under the Side Letter, the Company and Yahoo! confirmed that the information exchanged by the Company and Yahoo! subsequent to the signing of the Merger Agreement is and would be subject to the terms and conditions of the Confidentiality Agreement.

12. Plans For The Company; Other Matters.

Plans for the Company. Yahoo! intends to conduct a detailed review of the Company and its assets, corporate structure, dividend policy, capitalization, operations, properties, policies, management and personnel and will consider, subject to the terms of the Merger Agreement, what, if any, changes would be desirable in light of the circumstances which exist upon completion of the Offer. Such changes could include changes in the Company's business, corporate structure, certificate of incorporation, bylaws, capitalization, board of directors, management or dividend policy, although, except as disclosed in this Offer to Purchase, Yahoo! has no current plans with respect to any of such matters. The Merger Agreement provides that, promptly upon the purchase of and payment for any Shares by the Purchaser pursuant to the Offer which represent at least a majority of the outstanding Shares on a fully-diluted basis, and from time to time thereafter as Shares are acquired by the Purchaser, Yahoo! has the right to designate such number of directors, rounded up to the next whole number, on the Company's board of directors as is equal to the product of the total number of directors on the Company's board of directors (giving effect to the directors designated by Yahoo!) multiplied by the percentage that the number of Shares beneficially owned by the Purchaser or any affiliate of the Purchaser bears to the total number of Shares then outstanding. See Section 11. The Merger Agreement provides that the officers and directors of the Purchaser at the Effective Time will, from and after the Effective Time, be the initial officers and directors, respectively, of the Surviving Corporation.

Except as disclosed in this Offer to Purchase, neither Yahoo! nor the Purchaser has any present plans or proposals that would result in an extraordinary corporate transaction, such as a merger, reorganization, liquidation, relocation of operations, or sale or transfer of assets, involving the Company or any of its subsidiaries, or any material changes in the Company's corporate structure, business or composition of its management or personnel.

Going Private Transactions. The Commission has adopted Rule 13e-3 under the Exchange Act which is applicable to certain "going private" transactions and which may under certain circumstances be applicable to the Merger or another business combination following the purchase of Shares pursuant to the Offer or the Stockholder's Agreements in which Purchaser seeks to acquire the remaining Shares not held by it. Purchaser believes that Rule 13e-3 will not be applicable to the Merger. Rule 13e-3 requires, among other things, that certain financial information concerning the Company and certain information relating to the fairness of the proposed transaction and the consideration offered to minority stockholders in such transaction be filed with the SEC and disclosed to stockholders prior to consummation of the transaction.

13. Dividends and Distributions. The Merger Agreement provides that neither the Company nor any of its subsidiaries shall: (i) declare, set aside or pay any dividend or other distribution payable in

cash, stock or property with respect to its capital stock, or split, combine or reclassify any capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for any capital stock, (ii) purchase, redeem or otherwise acquire, directly or indirectly, any shares of capital stock of the Company or its subsidiaries, except for repurchases of unvested shares at cost from an employee in connection with the termination of the employment relationship pursuant to stock option or purchase agreements, or (ii) issue, deliver, sell, authorize, pledge or otherwise encumber any shares of capital stock or any securities convertible into shares of capital stock, or subscriptions, rights, warrants or options to acquire any shares of capital stock or any securities convertible into shares of capital stock, or enter into other agreements or commitments of any character obligating it to issue any such shares or convertible securities, other than the issuance delivery and/or sale of (a) shares of Common Stock pursuant to the exercise of stock options or warrants therefor, and (b) shares of Common Stock issuable to participants in the ESPP consistent with the terms thereof.

14. Conditions of The Offer. Notwithstanding any other provisions of the Offer, and in addition to (and not in limitation of) the Purchaser's rights to extend and amend the Offer at any time in its sole discretion (subject to the provisions of the Merger Agreement), the Purchaser shall not be required to accept for payment or, subject to any applicable rules and regulations of the Commission, including Rule 14e-1(c) under the Exchange Act (relating to the Purchaser's obligation to pay for or return tendered Shares promptly after termination or withdrawal of the Offer), pay for, and may delay the acceptance for payment of or, subject to the restriction referred to above, the payment for, any validly tendered Shares unless the Minimum Condition shall have been satisfied. Furthermore, notwithstanding any other provisions of the Offer, the Purchaser shall not be required to accept for payment or pay for any validly tendered Shares if, at the scheduled expiration date any of the following events shall occur and be continuing:

(a) there shall be threatened or pending any suit, action or proceeding by any governmental entity against the Purchaser, Yahoo!, the Company or any subsidiary of the Company (i) seeking to prohibit or impose any material limitations on Yahoo!'s or the Purchaser's ownership or operation (or that of any of their respective subsidiaries or affiliates) of all or any portion of their or the Company's and the Company's subsidiaries' businesses or assets, taken as a whole, or to compel Yahoo! or the Purchaser or their respective subsidiaries and affiliates to dispose of or hold separate any material portion of the business or assets of the Company or Yahoo! and their respective subsidiaries, in each case taken as a whole, (ii) challenging the acquisition by Yahoo! or the Purchaser of any Shares under the Offer, seeking to restrain or prohibit the making or consummation of the Offer or the Merger or the performance of any of the other transactions contemplated by the Merger Agreement, or seeking to obtain from the Company, Yahoo! or the Purchaser any damages that are material in relation to the Company and the Company's subsidiaries taken as a whole, (iii) seeking to impose material limitations on the ability of the Purchaser, or render the Purchaser unable, to accept for payment, pay for or purchase some or all of the Shares pursuant to the Offer and the Merger, or (iv) seeking to impose material limitations on the ability of the Purchaser or Yahoo! effectively to exercise full rights of ownership of the Shares, including, without limitation, the right to vote the Shares purchased by it on all matters properly presented to the Company's stockholders;

(b) there shall be any statute, rule, regulation, judgment, order or injunction enacted, entered, enforced, promulgated or deemed applicable, pursuant to an authoritative interpretation by or on behalf of a government entity, to the Offer or the Merger, or any other action shall be taken by any governmental entity, that is reasonably likely to result, directly or indirectly, in any of the consequences referred to in clauses (i) through (iv) of paragraph (a) above;

(c) there shall have occurred (i) any general suspension of trading in, or limitation on prices for, securities on the New York Stock Exchange, the American Stock Exchange or the Nasdaq Stock Market for a period in excess of three hours (excluding suspensions or limitations resulting

solely from physical damage or interference with such exchanges not related to market conditions), (ii) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States (whether or not mandatory), (iii) a commencement of a war, armed hostilities or other international or national calamity directly or indirectly involving the United States, or (iv) any limitation (whether or not mandatory) by any Governmental Entity on the extension of credit generally by banks or other financial institutions;

(d) any of the representations and warranties of the Company contained in this Agreement shall not be true and correct in all material respects as of the date of such determination, except for representations and warranties that relate to a specific date or time (which need only be true and correct in all material respects as of such date or time); provided, however, that except with respect to a willful breach of any representation and warranties by the Company (in which case this proviso shall not apply), the condition contained in this paragraph (d) shall not be deemed to have failed unless the Company fails to cure such breach within ten (10) days after receiving written notice of same from the Purchaser or Yahoo! and the failure of any such representations or warranties, whether individually or in the aggregate, has resulted in a Material Adverse Effect (as defined in the Merger Agreement) on the Company;

(e) the Company's board of directors or any committee thereof shall have (i) withdrawn, or modified or changed in a manner adverse to the transactions contemplated by this Agreement, to Yahoo! or to the Purchaser (including by amendment of the Schedule 14D-9), its recommendation of the Offer, the Merger Agreement or the Merger, (ii) recommended any Acquisition Proposal, (iii) resolved to do any of the foregoing, or (iv) taken a neutral position or made no recommendation with respect to another proposal or offer (other than by Yahoo! or the Purchaser) after ten business days following receipt thereof has elapsed;

(f) the Company shall have materially breached or failed, in any material respect, to perform or to comply with any material agreement or material covenant to be performed or complied with by it under this Agreement; provided, however, that the condition contained in this paragraph (f) shall not be deemed to have failed if (i) such breach is curable, and (ii) the Company has cured such breach within ten days after receiving written notice of same from the Purchaser or Yahoo!;

(g) the Purchaser shall have failed to receive a certificate executed by the Company's Chief Executive Officer or President of the Company on behalf of the Company, dated as of the scheduled expiration of the Offer, to the effect that the conditions set forth in paragraphs (d), (e) and (f) of Annex I to the Merger Agreement have not occurred;

(h) the fees and expenses paid or payable to the Company's financial, legal and accounting advisors for services performed and to be performed in connection with the transactions contemplated by the Merger Agreement (including, without limitation, the Merger) shall exceed $2,700,000 in the aggregate;

(i) UMG shall have exercised its rescission right under certain provisions of the UMG Letter Agreement, or any event or circumstance shall have occurred which would give UMG the right under such provision to exercise such rescission right and the ten-business day period for the exercise of such right by UMG shall not have lapsed or expired (provided that this condition shall be deemed waived in the event that the rescission of the UMG Letter Agreement or the event or circumstance giving rise to the right of UMG to exercise such rescission right shall have been the direct result of or proximately caused by an action taken by the Company at the express direction of or with the express written consent of Yahoo! or Purchaser or a failure to take an action by the Company at the express direction of or with the express written consent of Yahoo! or Purchaser); or

(j) the Merger Agreement shall have been terminated in accordance with its terms.

The foregoing conditions are for the sole benefit of Yahoo! and the Purchaser, may be asserted by Yahoo! or the Purchaser regardless of the circumstances giving rise to such condition, and may be waived by Yahoo! or the Purchaser in whole or in part at any time and from time to time and in the sole discretion of Yahoo! or the Purchaser, subject in each case to the terms of this Agreement. The failure by Yahoo! or the Purchaser at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and, each such right shall be deemed an ongoing right which may be asserted at any time and from time to time.

15. Certain Legal Matters. Except as described in this Section 15, based on information provided by the Company, none of the Company, the Purchaser or Yahoo! is aware of any license or regulatory permit that appears to be material to the business of the Company that might be adversely affected by the Purchaser's acquisition of shares as contemplated herein or of any approval or other action by a domestic or foreign governmental, administrative or regulatory agency or authority that would be required for the acquisition and ownership of the shares by the Purchaser as contemplated herein. Should any such approval or other action be required, the Purchaser and Yahoo! presently contemplate that such approval or other action will be sought, except as described below under "State Takeover Laws." While, except as otherwise described in this Offer to Purchase, the Purchaser does not presently intend to delay the acceptance for payment of or payment for shares tendered pursuant to the Offer pending the outcome of any such matter, there can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that failure to obtain any such approval or other action might not result in consequences adverse to the Company's business or that certain parts of the Company's business might not have to be disposed of or other substantial conditions complied with in the event that such approvals were not obtained or such other actions were not taken or in order to obtain any such approval or other action. If certain types of adverse action are taken with respect to the matters discussed below, the Purchaser could decline to accept for payment or pay for any shares tendered. See Section 14 for certain conditions to the Offer, including conditions with respect to governmental actions.

Delaware Law. In general, Section 203 of the DGCL prevents an "interested stockholder" (generally, a stockholder owning 15% or more of a corporation's outstanding voting stock or an affiliate thereof) from engaging in a "business combination" (defined to include a merger and certain other transactions as described below) with a Delaware corporation for a period of three years following the time on which such stockholder became an interested stockholder unless (i) prior to such time the corporation's board of directors approved either the business combination or the transaction which resulted in such stockholder becoming an interested stockholder, (ii) upon consummation of the transaction which resulted in such stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the corporation's voting stock outstanding at the time the transaction commenced (excluding shares owned by certain employee stock Option Plans and persons who are directors and also officers of the corporation) or (iii) on or subsequent to such time, the business combination is approved by the corporation's board of directors and authorized at an annual or special meeting of stockholders by the affirmative vote of at least $66^2/_3\%$ of the outstanding voting stock not owned by the interested stockholder; such action may not be taken by written consent. The board of directors of the Company has taken all actions necessary to exempt the Merger Agreement, the Stockholders Agreements, the Offer, the Merger and the transactions contemplated thereby from the provisions of Section 203 of the DGCL.

State Takeover Statutes. A number of states have adopted laws which purport, to varying degrees, to apply to attempts to acquire corporations that are incorporated in, or which have substantial assets, stockholders, principal executive offices or principal places of business or whose business operations otherwise have substantial economic effects in, such states. The Company, directly or through subsidiaries, conducts business in a number of states throughout the United States, some of which have enacted such laws. Except as described herein, we do not know whether any of these laws will, by their

terms, apply to the Offer or the Merger and have not complied with any such laws. To the extent that certain provisions of these laws purport to apply to the Offer or the Merger we believe that there are reasonable bases for contesting such laws.

In 1982, in Edgar v. MITE Corporation, the Supreme Court of the United States invalidated on constitutional grounds the Illinois Business Takeover Statute which, as a matter of state securities law, made takeovers of corporations meeting certain requirements more difficult. However, in 1987 in CTS Corporation v. Dynamics Corporation of America, the Supreme Court held that the State of Indiana could, as a matter of corporate law, constitutionally disqualify a potential acquiror from voting shares of a target corporation without the prior approval of the remaining stockholders where, among other things, the corporation is incorporated, and has a substantial number of stockholders, in the state. Subsequently, in TLX Acquisition Corporation v. Telex Corporation, a Federal District Court in Oklahoma ruled that the Oklahoma statutes were unconstitutional insofar as they apply to corporations incorporated outside Oklahoma in that they would subject such corporations to inconsistent regulations. Similarly, in Tyson Foods, Inc. v. McReynolds, a Federal District Court in Tennessee ruled that four Tennessee takeover statutes were unconstitutional as applied to corporations incorporated outside Tennessee. This decision was affirmed by the United States Court of Appeals for the Sixth Circuit. In December 1988, a Federal District Court in Florida held in Grand Metropolitan PLC v. Butterworth, that the provisions

of the Florida Affiliated Transactions Act and the Florida Control Share Acquisition Act were unconstitutional as applied to corporations incorporated outside of Florida.

Antitrust. Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "*HSR Act*"), and the rules that have been promulgated thereunder by the Federal Trade Commission (the "*FTC*"), certain acquisition transactions may not be consummated unless certain information has been furnished to the Antitrust Division of the Department of Justice (the "*Antitrust Division*") and the FTC and certain waiting period requirements have been satisfied. The Purchaser, Yahoo! and the Company believe that the Offer and the Merger are exempted from the HSR Act.

In addition, the antitrust and competition laws of other countries may apply to the Offer and the Merger and additional filings and notifications may be required. The Purchaser, Yahoo! and the Company do not believe that any such filings are required with respect to the Offer and the Merger.

Federal Reserve Board Regulations. Regulations G, U and X (the "*Margin Regulations*") of the Federal Reserve Board restrict the extension or maintenance of credit for the purpose of buying or carrying margin stock, including the shares, if the credit is secured directly or indirectly by margin stock. Such secured credit may not be extended or maintained in an amount that exceeds the maximum loan value of all the direct and indirect collateral securing the credit, including margin stock and other collateral. All financing for the Offer has been structured so as to be in full compliance with the Margin Regulations.

16. Fees and Expenses. Except as set forth below, neither Yahoo! nor the Purchaser will pay any fees or commissions to any broker, dealer or other person for soliciting tenders of shares pursuant to the Offer.

The Purchaser and Yahoo! have retained Georgeson Shareholder Communications, Inc. to act as the Information Agent, and U.S. Stock Transfer Corporation to act as the Depositary, in connection with the Offer. The Information Agent may contact holders of Shares by mail, telephone, telex, telecopy, telegraph and personal interview and may request banks, brokers, dealers and other nominee stockholders to forward materials relating to the Offer to beneficial owners. The Information Agent and the Depositary will each receive reasonable and customary compensation for their services. The Purchaser will reimburse each such firm for certain reasonable out-of-pocket expenses and may indemnify each such firm against certain liabilities in connection with their services, including certain liabilities under federal securities laws.

The Purchaser will not pay any fees or commissions to any broker or dealer or other person (other than the Information Agent) for making solicitations or recommendations in connection with the Offer. Brokers, dealers, banks and trust companies will be reimbursed by the Purchaser for customary mailing and handling expenses incurred by them in forwarding material to their customers.

The Company will pay an aggregate of $2 million to CSFB for its services to the Company as its financial advisor in connection with the Offer and the Merger.

17. Miscellaneous. The Offer is being made to all holders of shares of Common Stock other than the Company. The Purchaser is not aware of any jurisdiction in which the making of the Offer or the tender of shares in connection therewith would not be in compliance with the laws of such jurisdiction. If the Purchaser becomes aware of any jurisdiction in which the making of the Offer would not be in compliance with applicable law, the Purchaser will make a good faith effort to comply with any such law. If, after such good faith effort, the Purchaser cannot comply with any such law, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of shares residing in such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Purchaser by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION ON BEHALF OF YAHOO! OR THE PURCHASER NOT CONTAINED HEREIN OR IN THE LETTER OF TRANSMITTAL AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.

We have filed with the Commission the Tender Offer Statement on Schedule TO pursuant to Rule 14d-3 under the Exchange Act furnishing certain additional information with respect to the Offer. The Schedule TO and any amendments thereto, including exhibits, may be examined and copies may be obtained from the offices of the Commission and the Nasdaq National Market in the manner set forth in Section 8 of this Offer to Purchase (except that they will not be available at the regional offices of the Commission).

Jewel Acquisition Corporation
July 12, 2001

SCHEDULE I

DIRECTORS AND EXECUTIVE OFFICERS OF JEWEL ACQUISITION CORPORATION AND YAHOO! INC.

1. Jewel Acquisition Corporation. Set forth below is the name, business address and present principal occupation or employment, and material occupations, positions, offices or employments for the past five years, of the directors and executive officers of Jewel Acquisition Corporation. The business address of each of the following is c/o Yahoo! Inc., 701 First Avenue, Sunnyvale, California 94089. Each of the following directors and executive officers is a citizen of the United States. Unless otherwise indicated, each occupation set forth opposite an individual's name refers to employment with Yahoo!.

Name	Present Principal Occupation or Employment; Material Positions Held During the Past Five Years
Terry Semel	*Mr. Semel* has been a director and Chief Executive Officer of Jewel

	Acquisition Corporation since May 1, 2001. Mr. Semel has served as Chairman, Chief Executive Officer and Director of Yahoo! since May 1, 2001. Mr. Semel has been Chairman and Chief Executive Officer of Windsor Media, Inc., a diversified media company, since October 1999. He was Chairman of the Board and Co-Chief Executive Officer of the Warner Bros. Division of Time Warner Entertainment LP, from March 1994 until October 1999 and of Warner Music Group from November 1995 until October 1999. For more than 10 years prior to that he was President of Warner Brothers or its predecessor, Warner Bros. Inc. Mr. Semel holds a B.S. degree in accounting/finance from Long Island University.

Jeffrey Mallett	*Mr. Mallett* has been a director of Jewel Acquisition Corporation since March 24, 2000 and President of Jewel Acquisition Corporation since June 29, 2000. Mr. Mallett has served as a member of the board of directors and as President of Yahoo! since January 1999. Mr. Mallett has served as Chief Operating Officer since January 1998. Prior to that, he served as Yahoo!'s Senior Vice President, Business Operations from October 1995 to January 1998. Prior to joining Yahoo!, Mr. Mallett was Vice President and General Manager of the WordPerfect consumer division of Novell, Inc., a network operating system software company, from 1993 to 1995, and a member of Novell's Corporate Executive Marketing Group. Prior to that, Mr. Mallett was a member of the founding team of Reference Software International where he held various positions from 1988 to 1992, including Vice President, Sales and Marketing. Mr. Mallett holds a degree in Business Administration from Santa Rosa College.
Susan Decker	*Ms. Decker* has been Chief Financial Officer of Jewel Acquisition Corporation since July 10, 2000. Ms. Decker has served as Yahoo!'s Chief Financial Officer and Senior Vice President, Finance and Administration since June 2000. From August 1986 to May 2000, Ms. Decker held several positions for Donaldson, Lufkin & Jenrette, including Director of Global Research from 1998 to 2000. Prior to 1998, she was a Publishing & Advertising Equity Securities Analyst for 12 years. In January 2000, Ms. Decker was appointed to the Financial Accounting Standards Advisory Council (FASAC) by the Trustees of the Financial Accounting Federation (FAF). Ms. Decker holds a B.S. degree, with a double major in computer science and economics, from Tufts University and an M.B.A. from the Harvard Business School.

2. Yahoo! Inc. Set forth below is the name, business address and present principal occupation or employment, and material occupations, positions, offices or places of employment for the past five years, of the directors and executive officers of Yahoo! Inc. ("Yahoo!"). Unless otherwise indicated, the business address of each such person is c/o Yahoo!, 701 First Avenue, Sunnyvale, California 94089. Each of the following directors and executive officers is a citizen of the United States. Unless otherwise indicated, each occupation set forth opposite an individual's name refers to employment with Yahoo!.

Name	**Present Principal Occupation or Employment; Material Positions Held During the Past Five Years**
Terry Semel	See Part 1 of this Schedule I.

Timothy Koogle	*Mr. Koogle* was appointed as Yahoo!'s Vice Chairman on May 1, 2001. Mr. Koogle has served as a member of the board of directors since joining Yahoo! in August 1995 and was Chairman from January 1999 to May 1, 2001. In addition, Mr. Koogle served as Yahoo!'s Chief Executive Officer from August 1995 until May 1, 2001. Mr. Koogle also served as Yahoo!'s President from July 1995 to January 1999. Prior to joining Yahoo!, Mr. Koogle was President of Intermec Corporation, a manufacturer of data collection and data communication products, from 1992 to 1995. During that time, he also served as a corporate Vice President of Intermec's parent company, Western Atlas. Mr. Koogle holds a B.S. degree in mechanical engineering from the University of Virginia and M.S. and Engr. D.

	degrees in mechanical engineering from Stanford University.
Jeffrey Mallett	See Part 1 of this Schedule I.
Jerry Yang	*Mr. Yang*, a founder of Yahoo!, has served as a member of the board of directors and an officer of Yahoo! since March 1995. Mr. Yang co-developed Yahoo! in 1994 while he was working towards his Ph.D. in electrical engineering at Stanford University. Mr. Yang also serves as a director of Yahoo! Japan Corporation and Cisco Systems, Inc. Mr. Yang holds B.S. and M.S. degrees in electrical engineering from Stanford University.
Greg Coleman	*Mr. Coleman*, has served as Executive Vice President, North American Operations since April 2001. Prior to that, Mr. Coleman served for more than 10 years in various executive and management positions with Reader's Digest Association, most recently Senior Vice President of Reader's Digest Association and President of U.S. Magazine Publishing. Mr. Coleman holds a B.S. degree in business administration from Georgetown University and attended the M.B.A. program at New York University.
Susan Decker	See Part 1 of this Schedule I.

David Filo	*Mr. Filo*, Chief Yahoo! and a founder of Yahoo!, has served as an officer of Yahoo! since March 1995, and served as a director of Yahoo! from its founding through February 1996. Mr. Filo co-developed Yahoo! in 1994 while working towards his Ph.D. in electrical engineering at Stanford University, and co-founded Yahoo! in 1995. Mr. Filo holds a B.S. degree in computer engineering from Tulane University and a M.S. degree in electrical engineering from Stanford University.
David Graves	*Mr. Graves* has served as Senior Vice President, Media since January 2001. From December 1994 to January 2001, Mr. Graves held various executive positions, most recently as President, with Reuters Media Americas, which provides multimedia news and data to newspapers, TV, cable and Internet sites from its parent company Reuters PLC, a leading global information company. Prior to that, from July 1990 to December 1994, Mr. Graves served as the founding president of AdValue Media Technologies, a company serving major advertising agencies and television stations which was acquired by Reuters. Prior to 1990, Mr. Graves held senior positions at Westinghouse Broadcasting (now CBS), including Vice President, Strategic Planning and Vice President and General Manager of all news KFWB Radio in Los Angeles. Mr. Graves holds a B.A. degree from Dartmouth College.
Farzad Nazem	*Mr. Nazem* has served as Senior Vice President, Communications and Technical Services and Chief Technology Officer of Yahoo! since February 2001. From January 1998 to February 2001, Mr. Nazem served as Chief Technology Officer. Prior to that, he served as Yahoo! Senior Vice President, Product Development and Site Operations from March 1996 to January 1998. From 1985 to 1996, Mr. Nazem held a number of technical and executive management positions at Oracle Corporation, including, most recently, Vice President of Oracle's Media and Web Server Division and member of the Product Division Management Committee. Prior to that, Mr. Nazem was a member of the technical staff at SYDIS, Inc. and Rolm Corporation. Mr. Nazem holds a B.S. in computer science from California Polytechnic State University.

Ellen Siminoff	*Ms. Siminoff* has served as Senior Vice President, Entertainment and Small Business since February 2001. From November 1999 to February 2001, Ms. Siminoff served as Senior Vice President, Corporate Development of Yahoo!. Prior to that, Ms. Siminoff served as Yahoo!'s Vice President, Business Development and Planning from June 1997 to November 1999, and Yahoo!'s Director, Communities from February 1996 to June 1997. Prior to joining Yahoo!, Ms. Siminoff was the Online Classifieds Manager for the Los Angeles Times from February 1994 to February 1996. Ms. Siminoff holds an A.B. degree in economics from Princeton University and an M.B.A. from Stanford University.
Tim Brady	*Mr. Brady* has served as Senior Vice President, Commerce and Network Services since February 2001. From November 1999 to February 2001, Mr. Brady served as Senior Vice President, Network Services. Prior to that, Mr. Brady served as Yahoo!'s Vice President of Production from October 1997 to November 1999, Yahoo!'s Director of Production from January 1996 to October 1997, and Yahoo!'s Director of Marketing from April 1995 to December 1995. Mr. Brady holds a B.S. degree in electrical engineering from Stanford University and an M.B.A. from Harvard University.
Arthur Kern	*Mr. Kern* has served as a member of the board of directors since January 1996. Mr. Kern is an investor in several media and marketing companies. Prior to that, Mr. Kern was co-founder and Chief Executive Officer of American Media, a group owner of commercial radio stations sold to AMFM (Chancellor Broadcasting) in 1994. From 1969 to 1986, Mr. Kern served in a variety of television management positions with Group W/Westinghouse Broadcasting Company. Mr. Kern also serves as a director of Digitas, Inc. Mr. Kern is a graduate of Yale University.
Michael Moritz	*Mr. Moritz* has served as a member of the board of directors since April 1995. He has been a general partner of Sequoia Capital, a venture capital firm, since 1986. Mr. Moritz also serves as a director of Flextronics Ltd., Saba Software, Inc. and several private companies. Mr. Moritz holds a M.A. degree from Oxford University.

Edward Kozel	*Mr. Kozel* has served as a member of the board of directors since October 2000. He has been the managing member of Open Range Ventures, a venture capital firm, since January 2000. From 1989 to the present, Mr. Kozel has served at Cisco Systems, Inc. in a variety of roles that included Senior Vice President of Business Development and Chief Technology Officer. Mr. Kozel also serves as a director of Cisco, Reuters Group PLC and Tibco Software Inc. Mr. Kozel holds a B.S. degree in electrical engineering from the University of California, Davis.
Eric Hippeau(1)	*Mr. Hippeau* has served as a member of the board of directors since January 1996. In March 2000, Mr. Hippeau became the President and Executive Managing Director of SOFTBANK International Ventures, an affiliate of SOFTBANK CORP. In 1993, Mr. Hippeau became Chairman and Chief Executive Officer of Ziff-Davis, Inc. and held that position until March 2000 when the company was sold. Mr. Hippeau also serves as a director of CNET Networks, Inc., Key 3Media, Global Crossing, Ltd., Asia Global Crossing, Ltd., Electron Economy, diamond.com, and Starwood Hotels and Resorts Worldwide, Inc. Mr. Hippeau attended the Sorbonne in Paris.

(1)

Certain Softbank entities hold Shares of the Company as follows: 146,131 Shares are held by Softbank Capital Partners LP, 4,204 Shares are held by Softbank Capital Advisors Fund LP and 143,619 Shares are held by Softbank Capital LP. Mr. Hippeau disclaims beneficial ownership of Shares held by such Softbank entities, except to the extent of his proportionate interest therein.

Facsimile copies of the Letter of Transmittal, properly completed and duly signed, will be accepted. The Letter of Transmittal, certificates for Shares and any other required documents should be sent or delivered by each stockholder of the Company or such stockholder's broker, dealer, commercial bank, trust company or other nominee to the Depositary, at one of the addresses set forth below:

The Depositary for the Offer is:
U.S. Stock Transfer Corporation

By Mail:	**By Hand:**	**By Overnight Delivery:**
U.S. Stock Transfer Corporation Attn: Transfer Department 1745 Gardena Avenue, Suite 200 Glendale, California 91204	U.S. Stock Transfer Corporation Attn: Transfer Department 1745 Gardena Avenue, Suite 200 Glendale, California 91204	U.S. Stock Transfer Corporation Attn: Transfer Department 1745 Gardena Avenue, Suite 200 Glendale, California 91204

By Facsimile Transmission
(For Eligible Institutions Only):
(818) 502-1737

Confirm Receipt of Facsimile
by Telephone:
(818) 502-1404

Questions and requests for assistance or additional copies of this Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery and the Guidelines for Certification of Taxpayer Identification on Substitute Form W-9 may be directed to the Information Agent at the locations and telephone numbers set forth below. Stockholders may also contact their broker, dealer, commercial bank or trust company for assistance concerning the Offer.

The Information Agent for the Offer is:

Georgeson  Shareholder

17 State Street
28th Floor
New York, New York 10004
Collect at (201) 896-1900 (banks and brokers)

Toll free at (888) 386-7659 (all others)

QuickLinks -- Click here to rapidly navigate through this document

Letter of Transmittal

To Tender Shares of Common Stock
of

Launch Media, Inc.
Pursuant to the Offer to Purchase
Dated July 12, 2001
by

Jewel Acquisition Corporation
a wholly owned subsidiary of
Yahoo! Inc.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, AUGUST 8, 2001, UNLESS THE OFFER IS EXTENDED

The Depositary for the Offer is:

U.S. STOCK TRANSFER CORPORATION

By Mail:	**By Overnight Courier:**	**By Hand:**
U.S. Stock Transfer Corporation Attn: Transfer Department 1745 Gardena Avenue, Suite 200 Glendale, CA 91204	U.S. Stock Transfer Corporation Attn: Transfer Department 1745 Gardena Avenue, Suite 200 Glendale, CA 91204	U.S. Stock Transfer Corporation Attn: Transfer Department 1745 Gardena Avenue, Suite 200 Glendale, CA 91204

By Facsimile Transmission

(For Eligible Institutions Only):

(818) 502-1737

Confirm Receipt of Facsimile by Telephone Only:

(818) 502-1404

DESCRIPTION OF SHARES TENDERED

Name(s) and Address(es) of Registered Holder(s) Please fill in, if blank, exactly as name(s) appear(s) on Share Certificate(s))	**Share Certificate(s) and Share(s) Tendered (Attach additional list if necessary)**		
	Share Certificate Number(s)*	**Total Number of Shares Evidenced by Share Certificate(s)****	**Number of Shares Tendered**
	Total Shares		

---

* Need not be completed by stockholders delivering Shares by book-entry transfer.

** Unless otherwise indicated, it will be assumed that all Shares evidenced by each Share Certificate delivered to the Depositary are being tendered hereby. See Instruction 4.

This Letter of Transmittal is to be completed by stockholders of Launch Media, Inc. either if certificates evidencing Shares (as defined below) are to be forwarded herewith or if delivery of Shares is to be made by book-entry transfer to an account maintained by the Depositary at the Book-Entry Transfer Facility (as defined in and pursuant to the procedures set forth in "Section 3. Procedure for Tendering Shares" of the Offer to Purchase). Delivery of documents to the Book-Entry Transfer Facility does not constitute delivery to the Depositary.

Stockholders whose certificates evidencing Shares ("*Share Certificates*") are not immediately available or who cannot deliver their Share Certificates and all other documents required hereby to the Depositary prior to the Expiration Date (as defined in "Section 1. Terms of the Offer" of the Offer to Purchase) or who cannot complete the procedure for delivery by book-entry transfer on a timely basis and who wish to tender their Shares must do so pursuant to the guaranteed delivery procedure described in "Section 3. Procedure for Tendering Shares" of the Offer to Purchase. See Instruction 2.

/ **Check here if Shares are being delivered by book-entry transfer to the Depositary's account at the Book-Entry Transfer Facility and complete the following:**

Name of Tendering Institution:_____

Account Number:_____

Transaction Code Number:_____

/ **Check here if Shares are being tendered pursuant to a Notice of Guaranteed Delivery previously sent to the Depositary and complete the following:**

Name(s) of Registered Holder(s):_____

Window Ticket No. (if any):_____

Date of Execution of Notice of Guaranteed Delivery:_____

Name of Institution that Guaranteed Delivery:_____

If delivery is by book-entry transfer, give the following information:

Account Number:_____

Transaction Code Number:_____

/ **Check here if any of your share certificates have been lost, destroyed or stolen and call (818) 502-1404 to obtain an affidavit of loss. See Instruction 10.**

Number of Shares represented by lost, destroyed or stolen share certificates: _____ _____.

Delivery of this Letter of Transmittal to an address, other than as set forth above, will not constitute a valid delivery.

The instructions accompanying this Letter of Transmittal should be read carefully before this Letter of Transmittal is completed.

Note: Signatures Must be Provided Below
Please Read the Accompanying Instructions Carefully

Ladies and Gentlemen:

The undersigned hereby tenders to Jewel Acquisition Corporation, a Delaware corporation (the "*Purchaser*") and a wholly owned subsidiary of Yahoo! Inc., a Delaware corporation, the above-described shares of common stock, par value $0.001 per share ("*Shares*"), of Launch Media, Inc., a Delaware corporation (the "*Company*"), pursuant to the Purchaser's offer to purchase all of the issued and outstanding Shares at a purchase price of $0.92 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions described in the Offer to Purchase dated July 12, 2001 (the "*Offer to Purchase*"), receipt of which is hereby acknowledged, and in this Letter of Transmittal (which, together with the Offer to Purchase and any amendments or supplements hereto or thereto, collectively constitute the "*Offer*"). The undersigned understands that the Purchaser reserves the right to transfer or assign, in whole or from time to time in part, to one or more of its affiliates, the right to purchase all or any portion of the Shares tendered pursuant to the Offer. The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of June 27, 2001 (the "*Merger Agreement*"), by and among Yahoo! Inc., the Purchaser and the Company.

Upon the terms and subject to the conditions of the Offer (and if the Offer is extended or amended, the terms of any such extension or amendment), and subject to, and effective upon, acceptance for payment of Shares tendered herewith in accordance with the terms of the Offer, the undersigned hereby sells, assigns and transfers to or upon the order of the Purchaser all right, title and interest in and to all Shares that are being tendered hereby and all dividends, distributions (including, without limitation, distributions of additional Shares) and rights declared, paid or distributed in respect of such Shares on or after July 3, 2001 (collectively, "*Distributions*") and irrevocably appoints the Depositary the true and lawful agent and attorney-in-fact of the undersigned with respect to such Shares (and all Distributions), with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (i) deliver Share Certificates evidencing such Shares (and all Distributions), or transfer ownership of such Shares (and all Distributions) on the account books maintained by the Book-Entry Transfer Facility, together, in either case, with all accompanying evidences of transfer and authenticity, to or upon the order of the Purchaser, (ii) present such Shares (and all Distributions) for transfer on the books of the Company and (iii) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares (and all Distributions), all in accordance with the terms of the Offer.

By executing this Letter of Transmittal, the undersigned hereby irrevocably appoints the Purchaser, its officers and designees and each of them, as the attorneys and proxies of the undersigned, each with full power of substitution, to vote in such manner as each such attorney and proxy or his substitute shall, in his sole discretion, deem proper and otherwise act (by written consent or otherwise) with respect to all Shares tendered hereby which have been accepted for payment by the Purchaser prior to the time of such vote or other action and all Shares and other securities issued in Distributions in respect of such Shares, which the undersigned is entitled to vote at any meeting of stockholders of the Company (whether annual or special and whether or not an adjourned or postponed meeting) or consent in lieu of any such meeting or otherwise. This proxy and power of attorney is coupled with an interest in Shares tendered hereby, is irrevocable and is granted in consideration of, and is effective upon, the acceptance for payment of such Shares by the Purchaser in accordance with other terms of the Offer. Such acceptance for payment shall revoke all other proxies and powers of attorney granted by the undersigned at any time with respect to such Shares (and all Shares and other securities issued in Distributions in respect of such Shares), and no subsequent proxies, powers of attorney, consents or revocations may be given by the undersigned with respect thereto (and if given will not be deemed effective). The undersigned understands that, in order for Shares or Distributions to be deemed validly tendered, immediately upon the Purchaser's acceptance of such Shares for payment, the Purchaser must be able to exercise full voting and other rights with respect to such Shares (and any and all Distributions), including, without limitation, voting at any meeting of the Company's stockholders then scheduled.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer Shares tendered hereby and all Distributions, that when such Shares are accepted for payment by the Purchaser, the Purchaser will acquire good, marketable and unencumbered title thereto and to all Distributions, free and clear of all liens, restriction, charges and encumbrances, and that none of such Shares and Distributions will be subject to any adverse claim. The undersigned, upon request, shall execute and deliver all additional documents deemed by the Depositary or the Purchaser to be necessary or desirable to complete the sale, assignment and transfer of Shares tendered hereby and all Distributions. In addition, the undersigned shall remit and transfer promptly to the Depositary for the account of the Purchaser all Distributions in respect of Shares tendered hereby, accompanied by appropriate documentation of transfer, and pending such remittance and transfer or appropriate assurance thereof, the Purchaser shall be entitled to all rights and privileges as owner of

---

each such Distribution and may withhold the entire purchase price of Shares tendered hereby, or deduct from such purchase price, the amount or value of such Distribution as determined by the Purchaser in its sole discretion.

No authority herein conferred or agreed to be conferred shall be affected by, and all such authority shall survive, the death or incapacity of the undersigned. All obligations of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

The undersigned understands that the valid tender of Shares pursuant to any one of the procedures described in "Section 3. Procedure for Tendering Shares" of the Offer to Purchase and in the Instructions hereto will constitute the undersigned's acceptance of the terms and conditions of the Offer. The Purchaser's acceptance of such Shares for payment will constitute a binding agreement between the undersigned and the Purchaser upon the terms and subject to the conditions of the Offer (and if the Offer is extended or amended, the terms or conditions of any such extension or amendment). Without limiting the foregoing, if the price to be paid in the Offer is amended in accordance with the Merger Agreement, the price to be paid to the undersigned will be the amended price notwithstanding the fact that a different price is stated in this Letter of Transmittal. The undersigned recognizes that under certain circumstances set forth in the Offer to Purchase, Purchaser may not be required to accept for payment any of the Shares tendered hereby.

Unless otherwise indicated in the box entitled "Special Payment Instructions," on page 5 hereof, please issue the check for the purchase price of all Shares purchased and return all Share Certificates evidencing Shares not tendered or not accepted for payment in the name(s) of the registered holder(s) appearing above under "Description of Shares Tendered." Similarly, unless otherwise indicated below in the box entitled "Special Delivery Instructions" on page 5 hereof, please mail the check for the purchase price of all Shares purchased and return all Share Certificates evidencing Shares not tendered or not accepted for payment (and accompanying documents, as appropriate) to the address(es) of the registered holder(s) appearing above under "Description of Shares Tendered" on the cover page hereof. In the event that the boxes on page 5 hereof entitled "Special Payment Instructions" and "Special Delivery Instructions" are both completed, please issue the check for the purchase price of all Shares purchased and return all Share Certificates evidencing Shares not tendered or not accepted for payment in the name(s) of, and deliver such check and return such Share Certificates (and any accompanying documents, as appropriate) to, the person(s) so indicated. Unless otherwise indicated below in the box entitled "Special Payment Instructions" on page 5 hereof, please credit any Shares tendered hereby and delivered by book-entry transfer that are not accepted for payment by crediting the account at the Book-Entry Transfer Facility designated above. The undersigned recognizes that the Purchaser has no obligation, pursuant to the Special Payment Instructions, to transfer any Shares from the name of the registered holder(s) thereof if the Purchaser does not accept for payment any Shares tendered hereby.

SPECIAL PAYMENT INSTRUCTIONS
(See Instructions 1, 5, 6 and 7)

To be completed ONLY if the check for the purchase price of Shares and Share Certificates evidencing Shares not tendered or not purchased are to be issued in the name of someone other than the undersigned.

Issue Check and Share Certificate(s) to:

Name:

(Please Print)

Address:

(Zip Code)

(Tax Identification or Social Security Number) (See Substitute Form W-9 on reverse side) Account Number:

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 1, 5, 6 and 7)

To be completed ONLY if the check for the purchase price of Shares purchased and Share Certificates evidencing Shares not tendered or not purchased are to be mailed to someone other than the undersigned, or the undersigned at an address other than that under "Description of Shares Tendered" on the

cover page hereof.

Mail Check and Share Certificate(s) to:

Name:

(Please Print)

Address:

(Zip Code)

(Tax Identification or Social Security Number) (See Substitute Form W-9 on reverse side)

IMPORTANT

STOCKHOLDERS: SIGN HERE
(Please Also Complete Substitute Form W-9 Below)

Signature(s) of Holder(s)

Dated: _____ , 2001

(Must be signed by registered holder(s) exactly as name(s) appear(s) on Share Certificates or on a security position listing by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please provide the following information and see Instruction 5.)

Name(s)

(Please Print)

Capacity (full title):

Address:

(Include Zip Code)

Daytime Area Code and Telephone No:

Taxpayer Identification or Social Security No.:

(See Substitute Form W-9 on reverse side)

GUARANTEE OF SIGNATURE(S)
(See Instructions 1 and 5)

FOR USE BY FINANCIAL INSTITUTIONS ONLY.
FINANCIAL INSTITUTIONS: PLACE MEDALLION
GUARANTEE IN SPACE BELOW

INSTRUCTIONS

Forming Part of the Terms and Conditions of the Offer

1. ***Guarantee of Signatures.*** All signatures on this Letter of Transmittal must be guaranteed by a firm which is a member of the Security Transfer Agents Medallion Signature Program, or by any other "eligible guarantor institution," as such term is defined in Rule 17Ad-15 promulgated under the Securities Exchange Act of 1934, as amended (each of the foregoing being an "*Eligible Institution*") unless (i) this Letter of Transmittal is signed by the registered holder(s) of Shares (which term, for purposes of this document, shall include any participant in the Book-Entry Transfer Facility whose name appears on a security position

listing as the owner of Shares) tendered hereby and such holder(s) has (have) not completed the box entitled "Special Payment Instructions" or "Special Delivery Instructions" on page 5 hereof or (ii) such Shares are tendered for the account of an Eligible Institution. See Instruction 5.

2. ***Delivery of Letter of Transmittal and Share Certificates.*** This Letter of Transmittal is to be used either if Share Certificates are to be forwarded herewith or if tenders are to be made pursuant to the procedures for tenders by book-entry transfer pursuant to the procedure set forth in "Section 3. Procedure for Tendering Shares" of the Offer to Purchase. Share Certificates evidencing all physically tendered Shares, or a confirmation of a book-entry transfer into the Depositary's account at the Book-Entry Transfer Facility of all Shares delivered by book-entry transfer, as well as a properly completed and duly executed Letter of Transmittal and any other documents required by this Letter of Transmittal, must be received by the Depositary at one of its addresses set forth below prior to the Expiration Date (as defined in "Section 1. Terms of the Offer" of the Offer to Purchase). If Share Certificates are forwarded to the Depositary in multiple deliveries, a properly completed and duly executed Letter of Transmittal must accompany each such delivery. Stockholders whose Share Certificates are not immediately available, who cannot deliver their Share Certificates and all other required documents to the Depositary prior to the Expiration Date or who cannot complete the procedure for delivery by book-entry transfer on a timely basis may tender their Shares pursuant to the guaranteed delivery procedure described in "Section 3. Procedure for Tendering Shares" of the Offer to Purchase. Pursuant to such procedure: (i) such tender must be made by or through an Eligible Institution; (ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form made available by the Purchaser, must be received by the Depositary prior to the Expiration Date; and (iii) the Share Certificates evidencing all physically delivered Shares in proper form for transfer by delivery, or a confirmation of a book-entry transfer into the Depositary's account at the Book-Entry Transfer Facility of all Shares delivered by book-entry transfer, in each case together with a Letter of Transmittal, properly completed and duly executed, with any required signature guarantees (or in the case of a book-entry transfer, an Agent's Message (as defined in "Section 3. Procedure for Tendering Shares" of the Offer to Purchase)) and any other documents required by this Letter of Transmittal, must be received by the Depositary within three Nasdaq National Market trading days after the date of execution of such Notice of Guaranteed Delivery, all as described in "Section 3. Procedure for Tendering Shares" of the Offer to Purchase.

The method of delivery of this Letter of Transmittal, Share Certificates and all other required documents, including delivery through the Book-Entry Transfer Facility, is at the option and risk of the tendering stockholder, and the delivery will be deemed made only when actually received by the Depositary. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

No alternative, conditional or contingent tenders will be accepted and no fractional Shares will be purchased. By execution of this Letter of Transmittal, all tendering stockholders waive any right to receive any notice of the acceptance of their Shares for payment.

3. ***Inadequate Space.*** If the space provided on the cover page hereof under "Description of Shares Tendered" is inadequate, the Share Certificate numbers, the number of Shares evidenced by such Share Certificates and the number of Shares tendered should be listed on a separate signed schedule and attached hereto.

4. ***Partial Tenders (not applicable to stockholders who tender by book-entry transfer).*** If fewer than all Shares evidenced by any Share Certificate delivered to the Depositary herewith are to be tendered hereby, fill in the number of Shares that are to be tendered in the box entitled "Number of Shares Tendered." In such cases, new Share Certificate(s) evidencing the remainder of Shares that were evidenced by the Share Certificates delivered to the Depositary herewith will be sent to the person(s) signing this Letter of Transmittal, unless otherwise provided in the box entitled "Special Delivery Instructions" on page 5 hereof, as soon as practicable after the Expiration Date or the termination of the Offer. All Shares evidenced by Share Certificates delivered to the Depositary will be deemed to have been tendered unless otherwise indicated.

---

5. ***Signatures on Letter of Transmittal; Stock Powers and Endorsements.*** If this Letter of Transmittal is signed by the registered holder(s) of Shares tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the Share Certificates evidencing such Shares without alteration, enlargement or any other change whatsoever.

If any Shares tendered hereby are held of record by two or more persons, all such persons must sign this Letter of Transmittal.

If any Shares tendered hereby are registered in different names, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of such Shares.

If this Letter of Transmittal is signed by the registered holder(s) of Shares tendered hereby, no endorsements of Share Certificates or separate stock powers are required, unless payment is to be made to, or Share Certificates evidencing Shares not tendered or not accepted for payment are to be issued in the name of, a person other than the registered holder(s).

If the Letter of Transmittal is signed by a person other than the registered holder(s) of the Share Certificate(s) evidencing Shares tendered, the Share Certificate(s) tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such Share Certificate(s). Signatures on such Share Certificate(s) and stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of Shares tendered hereby, the Share Certificate(s) evidencing Shares tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such Share Certificate(s). Signatures on such Share Certificate(s) and stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any Share Certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to the Purchaser of such persons authority so to act must be submitted.

6. ***Stock Transfer Taxes.*** Except as otherwise provided in this Instruction 6, the Purchaser will pay all stock transfer taxes with respect to the sale and transfer of any Shares to it or its order pursuant to the Offer. If, however, payment of the purchase price of any Shares purchased is to be made to, or Share Certificate(s) evidencing Shares not tendered or not accepted for payment are to be issued in the name of, any person other than the registered holder(s) or if tendered certificates are registered in the name of any person other than the person(s) signing the Letter of Transmittal, the amount of any stock transfer taxes (whether imposed on the registered holder(s), or such other person, or otherwise) payable on account of the transfer to such other person will be deducted from the purchase price of such Shares purchased, unless evidence satisfactory to Purchaser of the payment of such taxes, or exemption therefrom, is submitted.

Except as provided in this Instruction 6, it will not be necessary for transfer tax stamps to be affixed to the Share Certificates evidencing Shares tendered hereby.

7. ***Special Payment and Delivery Instructions.*** If a check for the purchase price of any Shares tendered hereby is to be issued in the name of, and/or Share Certificate(s) evidencing Shares not tendered or not accepted for payment are to be issued in the name of and/or returned to, a person other than the person(s) signing this Letter of Transmittal or if such check or any such Share Certificate is to be sent to a person other than the signor of this Letter of Transmittal or to the person(s) signing this Letter of Transmittal but at an address other than that shown in the box entitled "Description of Shares Tendered" on the cover page hereof, the appropriate box(es) on page 5 hereof must be completed.

8. ***Questions and Requests for Assistance or Additional Copies.*** Questions and requests for assistance may be directed to the Information Agent at the address or telephone number set forth below. Additional copies of the Offer to Purchase, this Letter of Transmittal, the Notice of Guaranteed Delivery and the Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 may be obtained from the Information Agent.

9. ***Substitute Form W-9.*** Each tendering stockholder is required to provide the Depositary with a correct Taxpayer Identification Number ("*TIN*") on the Substitute Form W-9 which is provided under "Important Tax Information" on page 11 hereof, and to certify, under penalty of perjury, that such number is correct and that such stockholder is not subject to backup withholding of federal income tax. If a tendering stockholder has been notified by the Internal Revenue Service that such stockholder is subject to backup withholding, such stockholder

---

must cross out item (2) of the Certification box of the Substitute Form W-9, unless such stockholder has since been notified by the Internal Revenue Service that such stockholder is no longer subject to backup withholding. Failure to provide the information on the Substitute Form W-9 may subject the tendering stockholder to 31% federal income tax withholding on the payment of the purchase price of all Shares purchased from such stockholder. If the tendering stockholder has not been issued a TIN and has applied for one or intends to apply for one in the near future, such stockholder should write "Applied For" in the space provided for the TIN in Part I of the Substitute Form W-9, and sign and date the Substitute Form W-9. If "Applied For" is written in Part I and the Depositary is not provided with a TIN within 60 days, the Depositary will withhold 31% on all payments of the purchase price to such stockholder until a TIN is provided to the Depositary.

10. ***Lost or Destroyed Certificates.*** If any Share Certificate has been lost, destroyed or stolen, the stockholder should check the appropriate box on the reverse side of the Letter of Transmittal. The Company's stock transfer agent will then instruct such stockholder as to the procedure to be followed in order to replace the Share Certificate. The stockholder will have to post a surety bond of approximately 2% of the current market value of the stock. This Letter of Transmittal and related documents cannot be processed until procedures for replacing lost or destroyed Share Certificates have been followed.

Important: This Letter of Transmittal, properly completed and duly executed (together with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message) and Share Certificates or confirmation of book-entry transfer and all other required documents) or a properly completed and duly executed Notice of Guaranteed Delivery must be received by the Depositary prior to the Expiration Date (as defined in the Offer to Purchase).

IMPORTANT TAX INFORMATION

Under U.S. federal income tax law, a stockholder whose tendered Shares are accepted for payment is generally required to provide the Depositary (as payer) with such stockholder's correct TIN on Substitute Form W-9 provided herewith. If such stockholder is an individual, the TIN generally is such stockholder's social security number. If the Depositary is not provided with the correct TIN, the stockholder may be subject to a $50 penalty imposed by the Internal Revenue Service and payments that are made to such stockholder with respect to Shares purchased pursuant to the Offer may be subject to backup withholding of 31%. In addition, if a stockholder makes a false statement that results in no imposition of backup withholding, and there was no reasonable basis for making such statement, a $500 penalty may also be imposed by the Internal Revenue Service.

Certain stockholders (including, among others, corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, such individual must submit a statement (Internal Revenue Service Form W-8), signed under penalties of perjury, attesting to such individual's exempt status. Forms of such statements can be obtained from the Depositary. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional instructions. A stockholder should consult his or her tax advisor as to such stockholder's qualification for exemption from backup withholding and the procedure for obtaining such exemption.

If backup withholding applies, the Depositary is required to withhold 31% of any payments made to the stockholder. Backup withholding is not an additional tax. Rather, the federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained provided that the required information is furnished to the Internal Revenue Service.

Purpose of Substitute Form W-9

To prevent backup withholding on payments that are made to a stockholder with respect to Shares purchased pursuant to the Offer, the stockholder is required to notify the Depositary of such stockholder's correct TIN by completing the form below certifying that (a) the TIN provided on Substitute Form W-9 is correct (or that such stockholder is awaiting a TIN), and (b) (i) such stockholder has not been notified by the Internal Revenue Service that such stockholder is subject to backup withholding as a result of a failure to report all interest or dividends or (ii) the Internal Revenue Service has notified such stockholder that such stockholder is no longer subject to backup withholding.

What Number to Give the Depositary

The stockholder is required to give the Depositary the TIN (e.g., social security number or employer identification number) of the record holder of Shares tendered hereby. If Shares are in more than one name or are not in the name of the actual owner, consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional guidance on which number to report. If the tendering stockholder has not been issued a TIN and has applied for a number or intends to apply for a number in the near future, the stockholder should write "Applied For" in the space provided for the TIN in Part I, and sign and dated the Substitute Form W-9. If "Applied For" is written in Part I and the Depositary is not provided with a TIN within 60 days, the Depositary will withhold 31% of all payments of the purchase price to such stockholder until a TIN is provided to the Depositary.

PAYER'S NAME: U.S. STOCK TRANSFER CORPORATION

SUBSTITUTE
Form W-9
Department of the Treasury
Internal Revenue Service

Payer's Request for Taxpayer Identification Number (TIN) and Certification

Part I—Taxpayer Identification Number—For all accounts, enter your taxpayer identification number in the box at right. (For most individuals, this is your social security number. If you do not have a number, see "Obtaining a Number" in the enclosed Guidelines.) Certify by signing and dating below. Note: If the account is in more than one name, see the chart in the enclosed Guidelines to determine which number to give the payer.

Social Security Number
or

Employer Identification Number
(If awaiting TIN write "Applied For")

Part II—For Payees Exempt from Backup Withholding, see the enclosed Guidelines and complete as instructed therein.

Certification—Under penalties of perjury, I certify that:

(1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me), and

(2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (the "*IRS*") that I am subject to backup withholding as a result of failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

Certificate Instructions—You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out item (2). (Also see instructions in the enclosed Guidelines.)

SIGNATURE _____ DATE _____ , 2001

NOTE: Failure to complete and return this form may result in backup withholding of 31% of any payments made to you pursuant to this Offer. Please review the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional details.

NOTE: You must complete the following certificate if you are awaiting a taxpayer identification number.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration office or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of payment, 31% of all reportable cash payments made to me thereafter will be withheld until I provide a taxpayer identification number.

SIGNATURE _____ DATE _____ , 2001

The Letter of Transmittal and Share Certificates and any other required documents should be sent or delivered by each stockholder or such stockholder's broker, dealer, commercial bank, trust company or other nominee to the Depositary at one of its addresses set forth below.

The Depositary for the Offer is:

U.S. STOCK TRANSFER CORPORATION

By Mail:
U.S. Stock Transfer Corporation
Attn: Transfer Department
1745 Gardena Avenue, Suite 200
Glendale, CA 91204

By Overnight Courier:
U.S. Stock Transfer Corporation
Attn: Transfer Department
1745 Gardena Avenue, Suite 200
Glendale, CA 91204

By Hand
U.S. Stock Transfer Corporation
Attn: Transfer Department
1745 Gardena Avenue, Suite 200
Glendale, CA 91204

By Facsimile Transmission

(For Eligible Institutions Only):

(818) 502-1737

Confirm Receipt of Facsimile by Telephone Only:

(818) 502-1404

Questions or requests for assistance may be directed to the Information Agent at its respective address and telephone numbers listed below. Additional copies of the Offer to Purchase, this Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Information Agent. A stockholder may also contact brokers, dealers, commercial banks or trust companies for assistance concerning the Offer.

The Information Agent for the Offer is:

111 Commerce Road,
Carlstadt, New Jersey 07072
Banks and Brokers Call Collect (201) 896-1900
All Others Call Toll-Free (888) 386-7659

QuickLinks

Notice of Guaranteed Delivery
for
Tender of Shares of Common Stock
of
Launch Media, Inc.
to
Jewel Acquisition Corporation
a wholly owned subsidiary of
Yahoo! Inc.
(Not to be used for Signature Guarantees)

This Notice of Guaranteed Delivery, or a form substantially equivalent hereto, must be used to accept the Offer (as defined below) if (i) certificates ("*Share Certificates*") evidencing shares of common stock, par value $0.001 per share ("*Shares*"), of Launch Media, Inc., a Delaware corporation (the "*Company*"), are not immediately available, (ii) Share Certificates and all other required documents cannot be delivered to U.S. Stock Transfer Corporation, as Depositary (the "*Depositary*"), prior to the Expiration Date (as defined in "Section 1. Terms of the Offer" of the Offer to Purchase (as defined below)) or (iii) the procedure for delivery by book-entry transfer cannot be completed on a timely basis. This Notice of Guaranteed Delivery may be delivered by hand to the Depositary or transmitted by telegram, facsimile transmission or mail to the Depositary. See "Section 3. Procedure for Tendering Shares" of the Offer to Purchase.

The Depositary for the Offer is:

U.S. STOCK TRANSFER CORPORATION

By Facsimile Transmission:
(for Eligible Institutions Only):
(818) 502-1737
Confirm by Telephone:
(818) 502-1404

By Mail:	**By Overnight Courier:**	**By Hand:**
U.S. Stock Transfer Corporation Attn: Transfer Department 1745 Gardena Avenue Glendale, CA 91204	U.S. Stock Transfer Corporation Attn: Transfer Department 1745 Gardena Avenue Glendale, CA 91204	U.S. Stock Transfer Corporation Attn: Transfer Department 1745 Gardena Avenue Glendale, CA 91204

Delivery of this Notice of Guaranteed Delivery to an address other than as set forth above, or transmission of instructions via facsimile transmission other than as set forth above, will not constitute a valid delivery. The guarantee on the reverse side must be completed.

This form is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an "Eligible Institution" under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to Jewel Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Yahoo! Inc., a Delaware corporation, upon the terms and subject to the conditions set forth in the Offer to Purchase dated July 12, 2001 (the "*Offer to Purchase*") and the related Letter of Transmittal (which, together with the Offer to Purchase and any amendments or supplements thereto, collectively constitute the "*Offer*"), receipt of each of which is hereby acknowledged, the number of Shares specified below pursuant to the guaranteed delivery procedure set forth in "Section 3. Procedure for Tendering Shares" of the Offer to Purchase.

Common Stock, $0.001 par value

Name(s) of Record Holder(s)

Certificate Nos. _____ _____

_____ _____

_____ **(Please Type or Print)**

Number of Shares
Tendered

_____

Address(es):

_____

If Shares will be delivered
by book-entry transfer, check this
box / /

_____
Zip Code

Book Entry Transfer Facility

Account number:

Area Code and Tel. No.:

Signature(s):

Dated:

GUARANTEE
(Not to be used for signature guarantee)

The undersigned, an Eligible Institution (as defined in the Offer to Purchase), hereby guarantees delivery to the Depositary, at one of its addresses set forth above, certificates ("*Share Certificates*") evidencing the Shares tendered hereby, in proper form for transfer, or confirmation of book-entry transfer of such Shares into the Depositary's account at The Depository Trust Company, in each case with delivery of a Letter of Transmittal (or facsimile thereof) properly completed and duly executed, or an Agent's Message (as defined in the Offer to Purchase) in the case of a book-entry delivery, and any other required documents, all within three days on which the Nasdaq National Market is open for business after the date hereof.

The Eligible Institution that completes this form must communicate the guarantee to the Depositary and must deliver the Letter of Transmittal and Share Certificates to the Depositary within the time period set forth above. Failure to do so could result in a financial loss to such Eligible Institution.

Name of Firm:

Authorized Signature:

Name:

(Please Type or Print)

Title:

Address:

(City, State, Zip Code)

Area Code and Telephone No.:

Dated: _____ , 2001

DO NOT SEND SHARE CERTIFICATES WITH THIS NOTICE. SHARE CERTIFICATES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

Offer to Purchase for Cash
All Outstanding Shares of Common Stock
of
Launch Media, Inc.
at
$0.92 Net Per Share in Cash
by
Jewel Acquisition Corporation
a wholly owned subsidiary of
Yahoo! Inc.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, AUGUST 8, 2001, UNLESS THE OFFER IS EXTENDED

July 12, 2001

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

In connection with the offer by Jewel Acquisition Corporation, a Delaware corporation (the "*Purchaser*"), a wholly owned subsidiary of Yahoo! Inc., a Delaware corporation ("*Yahoo!*"), to purchase all of the issued and outstanding shares of common stock ("*Common Stock*"), par value $0.001 per share ("*Shares*"), of Launch Media, Inc., a Delaware corporation (the "*Company*"), for $0.92 per Share, net to the seller in cash, without interest, enclosed herewith are the Purchaser's Offer to Purchase dated July 12, 2001 (the "*Offer to Purchase*") and the related Letter of Transmittal (which, together with the Offer to Purchase and any amendments or supplements thereto, collectively constitute the "*Offer*"). Please furnish copies of the enclosed materials to those of your clients for whose accounts you hold Shares registered in your name or in the name of your nominee.

The Offer is conditioned upon, among other things, there being validly tendered and not withdrawn, prior to the expiration of the Offer, that number of Shares which, when added to the Shares then beneficially owned by Yahoo! and the Purchaser, if any, represents at least a majority of the Shares outstanding on a fully diluted basis (as described in the Offer to Purchase) on the date of purchase (the "*Minimum Condition*") and the other conditions set forth in the Offer to Purchase. See "Section 1. Terms of the Offer" and "Section 14. Certain Conditions of the Offer" of the Offer to Purchase, which set forth in full the conditions to the Offer.

For your information and for forwarding to your clients for whom you hold Shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. Offer to Purchase dated July 12, 2001;

2. Letter of Transmittal to be used by holders of Shares in accepting the Offer and tendering Shares;

3. Notice of Guaranteed Delivery to be used to accept the Offer if the Shares and all other required documents are not immediately available or cannot be delivered to U.S. Stock Transfer Corporation (the "*Depositary*") prior to the Expiration Date (as defined in the Offer to Purchase) or if the procedure for book-entry transfer cannot be completed prior to the Expiration Date;

4. A letter to stockholders of the Company from David B. Goldberg, Chairman and Chief Executive Officer of the Company and Robert D. Roback, President of the Company, together with a Solicitation/Recommendation Statement on Schedule 14D-9 filed with the Securities and Exchange Commission by the Company;

5. A letter which may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer;

6. Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9; and

7. Return envelope addressed to U.S. Stock Transfer Corporation, the Depositary.

We urge you to contact your clients as promptly as possible. Please note that the Offer and withdrawal rights expire at 12:00 midnight, New York City time, on Wednesday, August 8, 2001, unless the Offer is extended.

In all cases, payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of (i) certificates representing such Shares (or a timely Book-Entry Confirmation (as defined in the Offer to Purchase) with respect thereto), (ii) a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message (as defined in the Offer to Purchase) and (iii) any other documents required by the Letter of Transmittal.

If holders of Shares wish to tender, but it is impracticable for them to forward their certificates or other required documents prior to the expiration of the Offer, a tender may be effected by following the guaranteed delivery procedure described in "Section 3. Procedure for Tendering Shares" of the Offer to Purchase.

The Purchaser will not pay any fees or commissions to any broker, dealer or other person (other than the Depositary and the Information Agent as described in the Offer to Purchase) in connection with the solicitation of tenders of Shares pursuant to the Offer. However, the Purchaser will reimburse you for customary

mailing and handling expenses incurred by you in forwarding any of the enclosed materials to your clients. The Purchaser will pay or cause to be paid any stock transfer taxes payable with respect to the transfer of Shares to it, except as otherwise provided in the Letter of Transmittal.

Any inquiries you may have with respect to the Offer should be addressed to Georgeson Shareholder Communications Inc. (the "*Information Agent*") at its address and telephone number set forth on the back cover page of the Offer to Purchase.

Additional copies of the enclosed materials may be obtained from the Information Agent, at the address and telephone number set forth on the back cover page of the Offer to Purchase.

Very truly yours,

Georgeson Shareholder

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL AUTHORIZE YOU OR ANY OTHER PERSON TO ACT ON BEHALF OF OR AS THE AGENT OF YAHOO!, THE PURCHASER, THE COMPANY THE INFORMATION AGENT OR THE DEPOSITARY, OR OF ANY AFFILIATE OF ANY OF THEM, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR TO MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE ENCLOSED DOCUMENTS AND THE STATEMENTS CONTAINED THEREIN.

Offer to Purchase for Cash
All Outstanding Shares of Common Stock
of
Launch Media, Inc.
at
$0.92 Net Per Share in Cash
by
Jewel Acquisition Corporation
a wholly owned subsidiary of
Yahoo! Inc.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, AUGUST 8, 2001, UNLESS THE OFFER IS EXTENDED

July 12, 2001

To Our Clients:

Enclosed for your consideration are the Offer to Purchase dated July 12, 2001 (the "*Offer to Purchase*") and the related Letter of Transmittal (which, together with the Offer to Purchase and any amendments or supplements thereto, collectively constitute the "*Offer*") in connection with the offer by Jewel Acquisition Corporation, a Delaware corporation (the "*Purchaser*") and wholly owned subsidiary of Yahoo! Inc., a Delaware corporation ("*Yahoo!*"), to purchase all of the issued and outstanding shares of common stock ("*Common Stock*"), par value $0.001 per share ("*Shares*"), of Launch Media, Inc., a Delaware corporation (the "*Company*"), for $0.92 per Share (such amount, or any greater amount per Share paid pursuant to the Offer, being the "*Offer Price*"), net to the seller in cash, without interest, upon the terms and subject to the conditions described in the Offer. We are (or our nominee is) the holder of record of Shares held for your account. A tender of such Shares can be made only by us as the holder of record and pursuant to your instructions. The enclosed Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender Shares held by us for your account.

We request instructions as to whether you wish to have us tender on your behalf any or all Shares held by us for your account, upon the terms and subject to the conditions set forth in the Offer.

Your attention is invited to the following:

1. The Offer Price is $0.92 per Share, net to you in cash, without interest.

2. The Offer is being made for all of the issued and outstanding Shares.

3. The Board of Directors of the Company has unanimously (i) approved and adopted the Merger Agreement (as defined in the Offer to Purchase) and the transactions contemplated thereby, (ii) determined that the Offer and the Merger (each as defined in the Offer to Purchase) is fair to and in the best interests of the Company and its stockholders, has approved, adopted and declared advisable the Merger Agreement and determined to recommend that stockholders of the Company accept the Offer and tender their Shares pursuant to the Offer and approve and adopt the Merger and the Merger Agreement.

4. The Offer and withdrawal rights will expire at 12:00 midnight, New York City time, Wednesday, August 8, 2001, unless the Offer is extended.

5. The Offer is conditioned upon, among other things, there being validly tendered and not withdrawn, prior to the expiration of the Offer, that number of Shares which, when added to the Shares then beneficially owned by Yahoo! and the Purchaser, if any, represents at least a majority of the Shares outstanding on a fully diluted basis (as described in the Offer to Purchase) on the date of purchase (the "*Minimum Condition*") and the other conditions set forth in the Offer to Purchase. See "Section 1. Terms of the Offer" and "Section 14. Conditions of the Offer" of the Offer to Purchase, which set forth in full the conditions to the Offer.

---

6. Tendering stockholders will not be obligated to pay brokerage fees or commissions or, except as otherwise provided in the Letter of Transmittal, stock transfer taxes with respect to the purchase of Shares by the Purchaser pursuant to the Offer.

If you wish to have us tender any or all of your Shares, please so instruct us by completing, executing, detaching and returning to us the instruction form contained in this letter. An envelope in which to return your instructions to us is enclosed. If you authorize the tender of your Shares, all such Shares will be tendered unless otherwise specified in your instructions. Your instructions should be forwarded to us in ample time to permit us to submit a tender on your behalf prior to the expiration of the Offer.

The Offer is being made solely by the Offer to Purchase and the related Letter of Transmittal and any supplements or amendments thereto, and is being made to all holders of Shares. The Purchaser is not aware of any jurisdiction where the making of the Offer or the acceptance of Shares pursuant thereto is prohibited by any administrative or judicial action or by any valid state statute. If the Purchaser becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of Shares pursuant thereto, the Purchaser will make a good faith effort to comply with such state statute. If, after such good faith effort, the Purchaser cannot comply with such state statute, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares in such

state. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Purchaser by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Instructions with Respect to the Offer to Purchase for Cash
All Outstanding Shares of Common Stock
of
Launch Media, Inc.
by
Jewel Acquisition Corporation,
a wholly owned subsidiary of
Yahoo! Inc.

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase dated July 12, 2001 (the "*Offer to Purchase*") and the related Letter of Transmittal (which, together with the Offer to Purchase and any amendments or supplements thereto, collectively constitute the "*Offer*") in connection with the offer by Jewel Acquisition Corporation, a Delaware corporation ("*Purchaser*") and a wholly owned subsidiary of Yahoo! Inc., a Delaware corporation ("*Yahoo!*"), to purchase all of the issued and outstanding shares of common stock, par value $0.001 per share ("*Shares*"), of Launch Media, Inc., a Delaware corporation (the "*Company*"), for $0.92 per Share (such amount, or any greater amount per Share paid pursuant to the Offer, being the "*Offer Price*"), net to the seller in cash, without interest, upon the terms and subject to the conditions described in the Offer.

This will instruct you to tender the number of Shares indicated below (or, if no number is indicated below, all Shares) that are held by you for the account of the undersigned, upon the terms and subject to the conditions described in the Offer.

Dated: _____, 2001

Number of Shares To Be Tendered:	**Sign Here**
Shares*: _____	_____
	Signature(s)
	_____
	Please type or print name(s)
	_____
	Please type or print address
	_____
	Area Code and Telephone Number
	_____
	Taxpayer Identification or Social Security Number

* Unless otherwise indicated, it will be assumed that all Shares held by us for your account are to be tendered.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

What Is backup withholding? Persons making certain payments to you must withhold and pay to the IRS 31% of such payments under certain conditions. This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

If you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return, payments you receive will not be subject to backup withholding. Payments you receive **will** be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or

2. You do not certify your TIN when required (see the Part III instructions on page 2 for details), or

3. The IRS tells the requester that you furnished an incorrect TIN, or

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 3 above for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the Part II instructions.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name. If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage, without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first and then circle the name of the person or entity whose number you enter in Part I of the form.

Sole proprietor. You must enter your **individual** name as shown on your social security card. You may enter your business, trade, or "doing business as" name on the **business name** line.

Other entities. Enter your business name as shown on required Federal tax documents. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or "doing business as" name on the business name line.

Part I—Taxpayer Identification Number (TIN)

You must enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see **How to Get a TIN** below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, using your EIN may result in unnecessary notices to the requester.

Note: *See the chart on this page for further clarification of name and TIN combinations.*

How To Get a TIN.—If you do not have a TIN, apply for one immediately. To apply for an SSN, get **Form SS-5,** Application for a Social Security Card, from your local Social Security Administration office. **Get Form W-7,** Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN or **Form SS-4**, Application for Employer Identification Number, to apply for an EIN. You can get Forms W-7 and SS-4 from the IRS by calling 1-800-TAX-FORM (1-800-829-3676) or from the IRS's Internet Web Site at www.irs.gov.

If you do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, you will generally have 60 days to get a TIN and give it to the requester. Other payments are subject to backup withholding.

Note: *Writing "Applied For" means that you have already applied for a TIN **OR** that you intend to apply for one soon.*

Part II—For Payees Exempt From Backup Withholding

Individuals (including sole proprietors) are **not** exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding. Enter your correct TIN in Part I, write "Exempt" in Part II, and sign and date the form.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester a completed **Form W-8** (certification of foreign status).

Part III—Certification

For a joint account, only the person whose TIN is shown in Part I should sign (when required).

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to give your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA or MSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account[1]
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor[2]
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee[1]
b. So-called trust account that is not a legal or valid trust under state law	The actual owner[1]
5. Sole proprietorship	The owner[3]

For this type of account:	Give name and EIN of:
6. Sole proprietorship	The owner[3]
7. A valid trust, estate, or pension trust	Legal entity[4]
8. Corporation	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

[1]List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person" number must be furnished.

[2]Circle the minor's name and furnish the minor's SSN.

[3] You must show your individual name, but you may also enter your business or "doing business as" name. You may use either your SSN or EIN (if you have one).

[4] List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account tile.)

Note: *If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.*

This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares (as defined below). The Offer (as defined below) is made solely by the Offer to Purchase, dated July 12, 2001 (the "Offer to Purchase"), and the related Letter of Transmittal and is being made to all holders of Shares. The Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of Shares in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction or any administrative or judicial action pursuant thereto. In any jurisdiction where securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Purchaser (as defined below) by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Notice of Offer to Purchase for Cash
All Outstanding Shares of Common Stock
of

Launch Media, Inc.

at
$0.92 Net Per Share
by

Jewel Acquisition Corporation

a wholly owned subsidiary of

Yahoo! Inc.

Jewel Acquisition Corporation, a Delaware corporation (the "Purchaser") and a wholly owned subsidiary of Yahoo! Inc., a Delaware corporation ("Yahoo!"), is offering to purchase all of the issued and outstanding shares of common stock ("Common Stock"), par value $0.001 (the "Shares"), of Launch Media, Inc., a Delaware corporation (the "Company"), at a price of $0.92 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase and in the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer"). Tendering stockholders will not be obligated to pay brokerage fees or commissions or, except as set forth in the Letter of Transmittal, transfer taxes on the sale of Shares pursuant to the Offer. The Purchaser will pay all fees and expenses incurred in connection with the Offer of Georgeson Shareholder Communications, Inc., which is acting as the Information Agent in connection with the Offer (the "Information Agent"), and U.S. Stock Transfer Corporation, which is acting as the Depositary in connection with the Offer (the "Depositary"). The Purchaser is offering to acquire all Shares as a first step in acquiring the entire equity interest in the Company. Following consummation of the Offer, the Purchaser intends to effect the merger described below.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, AUGUST 8, 2001, UNLESS THE OFFER IS EXTENDED.

The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of June 27, 2001 (the "Merger Agreement"), by and among Yahoo!, the Purchaser and the Company, pursuant to which, as soon as practicable after the completion of the Offer and satisfaction or waiver, if permissible, of all conditions to the Merger (as defined below), the Purchaser will be merged with and into the Company and the separate corporate existence of the Purchaser will thereupon cease. The merger of the Purchaser with and into the Company, as effected pursuant to the immediately preceding sentence, is referred to herein as the "Merger," and the Company as the surviving corporation of the Merger is sometimes herein referred to as the "Surviving Corporation." At the effective time of the Merger (the "Effective Time"), each share of Common Stock then outstanding (other than shares held by Yahoo!,

---

the Purchaser or any other wholly owned subsidiary of Yahoo!) will be canceled and retired and converted into the right to receive $0.92 per Share or any higher price per share of Common Stock paid in the Offer (such price being referred to herein as the "Offer Price"), in cash payable to the holder thereof without interest.

The Company's Board of Directors has unanimously (i) approved the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, (ii) determined that the Offer and Merger are advisable and fair to, and in the best interests of, the Company and its stockholders, and (iii) determined to recommend that the stockholders of the Company accept the Offer, tender their Shares to Purchaser pursuant to the Offer and, if necessary, approve and adopt the Merger and the Merger Agreement.

The Offer is conditioned upon, among other things, there being validly tendered and not withdrawn prior to the expiration of the Offer, that number of Shares which, when added to the Shares then beneficially owned by Yahoo! and the Purchaser, if any, represents at least a majority of the Shares outstanding on a fully diluted basis on the date of purchase (the "Minimum Condition") and the other conditions set forth in the Offer to Purchase. As used herein, "fully diluted basis" takes into account the conversion or exercise of all outstanding options and other rights and securities exercisable or convertible into shares of Common Stock that could vest within 90 days of the date of determination and have a conversion or exercise price per share less than the Offer Price.

As a condition and inducement to Yahoo! and the Purchaser entering into the Merger Agreement and incurring the liabilities therein, each of certain stockholders of the Company (each, a "Stockholder"), including David B. Goldberg, Chief Executive Officer of the Company and Robert D. Roback, President of the Company, who hold dispositive power with respect to an aggregate of 3,657,912 Shares, concurrently with the execution and delivery of the Merger Agreement entered into Stockholders Agreements (the "Stockholders Agreements"), dated as of June 27, 2001, with Yahoo! and the Purchaser. Pursuant to the Stockholders Agreements, each of the Stockholders has agreed, among other things, to tender the Shares held by them in the Offer, and to grant Yahoo! a proxy with respect to the voting of such Shares in favor of the Merger with respect to such Shares upon the terms and subject to the conditions set forth in the Stockholders Agreements. In addition, in the Stockholders Agreements, each Stockholder has granted Yahoo! an option (the "Stockholder Option") to purchase all Shares beneficially owned or controlled by such Stockholder as of the date of the Stockholders Agreements, or beneficially owned or controlled by such Stockholder at any time thereafter (including, without limitation, by way of exercise of options, warrants or other rights to purchase Common Stock), at an exercise price per share equal to the Offer Price, subject to certain conditions.

For the purposes of the Offer, the Purchaser will be deemed to have accepted for payment, and thereby purchased, Shares properly tendered to the Purchaser and not withdrawn as, if and when the Purchaser gives oral or written notice to the Depositary of the Purchaser's acceptance for payment of such Shares. Payment

for Shares accepted for payment pursuant to the Offer will be made by deposit of the Offer Price therefor with the Depositary, which will act as agent for tendering stockholders for the purpose of receiving payment from the Purchaser and transmitting payment to tendering stockholders. Under no circumstances will interest be paid on the Offer Price to be paid by the Purchaser for the Shares, regardless of any extension of the Offer or any delay in making such payment. In all cases, payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of (i) certificates representing such Shares (or a timely Book-Entry Confirmation (as defined in the Offer to Purchase) with respect thereto), (ii) a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message (as defined in the Offer to Purchase) and (iii) any other documents required by the Letter of Transmittal. The per share consideration paid to any holder of Shares pursuant to the Offer will be the highest per share consideration paid to any other holder of such Shares pursuant to the Offer. Except as otherwise provided in the Offer to Purchase, tenders of Shares are irrevocable. Except as provided below with respect to a Subsequent Offering Period, Shares tendered pursuant to the Offer may be withdrawn pursuant to the procedures set forth below at any time prior to the Expiration Date (as defined in the

---

Offer to Purchase) and, unless theretofore accepted for payment and paid for by the Purchaser pursuant to the Offer, may, as described in Section 4 of the Offer to Purchase, also be withdrawn at any time after September 10, 2001.

For a withdrawal to be effective, a written, telegraphic or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover of the Offer to Purchase and must specify the name of the person having tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of the Shares to be withdrawn, if different from the name of the person who tendered the Shares. If certificates representing Shares have been delivered or otherwise identified to the Depositary, then, prior to the physical release of such certificates, the serial numbers shown on such certificates must be submitted to the Depositary and, unless such Shares have been tendered by an Eligible Institution (as defined in the Offer to Purchase), the signatures on the notice of withdrawal must be guaranteed by an Eligible Institution. If Shares have been delivered pursuant to the procedures for book-entry transfer as set forth in the Offer to Purchase, any notice of withdrawal must also specify the name and number of the account at the Book-Entry Transfer Facility (as defined in the Offer to Purchase) to be credited with the withdrawn Shares and otherwise comply with such Book-Entry Transfer Facility's procedures. Withdrawals of tenders of Shares may not be rescinded, and any Shares properly withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. However, withdrawn Shares may be retendered by again following one of the procedures described in the Offer to Purchase at any time prior to the Expiration Date (as defined below).

Pursuant to Rule 14d-11 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and subject to the terms of the Merger Agreement, the Purchaser may, subject to certain conditions, provide a subsequent offering period following the expiration of the Offer on the Expiration Date (a "Subsequent Offering Period"). A Subsequent Offering Period is an additional period of time from three to twenty business days in length, beginning after the Purchaser purchases Shares tendered in the Offer, during which stockholders may tender, but not withdraw, their Shares and receive the Offer Price. Pursuant to Rule 14d-7 under the Exchange Act, no withdrawal rights apply to Shares tendered during a Subsequent Offering Period, and no withdrawal rights apply during the Subsequent Offering Period with respect to Shares tendered in the Offer and accepted for payment. During a Subsequent Offering Period, the Purchaser would promptly purchase and pay for all Shares tendered at the same price paid in the Offer.

The term "Expiration Date" shall mean 12:00 Midnight, New York City time, on Wednesday, August 8, 2001, unless and until the Purchaser, in accordance with the terms of the Offer, shall have extended the period of time during which the Offer is open, in which event the term "Expiration Date" shall mean the latest time and date at which the Offer, as so extended by the Purchaser, shall expire. All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Purchaser, in its sole discretion, which determination will be final and binding. None of the Purchaser, Yahoo!, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

Subject to the terms of the Merger Agreement, the Purchaser may, from time to time, (i) extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and the payment for, any Shares, by giving oral or written notice of such extension to the Depositary, and (ii) amend the Offer by giving oral or written notice of such amendment to the Depositary. Any extension, amendment or termination of the Offer will be followed as promptly as practicable by public announcement thereof, the announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. During any such extension, all Shares previously tendered and not withdrawn will remain subject to the Offer, subject to the right of a tendering stockholder to withdraw such stockholder's Shares.

The information required to be disclosed by paragraph (d)(1) of Rule 14d-6 of the General Rules and Regulations under the Exchange Act is contained in the Offer to Purchase and is incorporated herein by reference.

The Company has provided the Purchaser with the Company's stockholder lists and security position listings for the purpose of disseminating the Offer to holders of Shares. The Offer to Purchase, the related Letter of Transmittal and other relevant documents will be mailed by the Purchaser to record holders of Shares, and will be furnished by the Purchaser to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder lists, or, if applicable, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to beneficial owners of Shares.

The Offer to Purchase and the Letter of Transmittal contain important information and should be read in their entirety before any decision is made with respect to the offer.

Questions and requests for assistance or additional copies of the Offer to Purchase, Letter of Transmittal and other tender offer documents may be directed to the Information Agent at the address or telephone number set forth below, and copies will be furnished at the Purchaser's expense. The Purchaser will not pay any fees or commissions to any broker or dealer or other person for soliciting tenders of Shares pursuant to the Offer.

The Information Agent for the Offer is:

Georgeson  Shareholder

111 Commerce Road
Carlstadt, New Jersey 07072

July 12, 2001

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER is entered into as of June 27, 2001 (this "**Agreement**"), by and among Yahoo! Inc. a Delaware corporation ("**Yahoo!**"), Jewel Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Yahoo! ("**Purchaser**"), and Launch Media, Inc., a Delaware corporation ("**Launch**").

RECITALS

A. The Board of Directors of each of Yahoo!, Purchaser and Launch has approved, and deems it advisable and in the best interests of its respective stockholders to consummate, the acquisition of Launch by Yahoo! upon the terms and subject to the conditions set forth herein.

B. In furtherance thereof, it is proposed that Purchaser make a cash tender offer (the "**Offer**") to acquire all shares of the issued and outstanding common stock, par value $0.001, of Launch (the "**Shares**"), for $0.92 per share, net to the seller in cash (such price, or any such higher price per Share as may be paid in the Offer, referred to herein as the "**Offer Price**").

C. The Board of Directors of each of Yahoo!, Purchaser and Launch has approved this Agreement and the Merger (as defined in Section 1.4) following the Offer in accordance with the Delaware General Corporation Law ("**Delaware Law**") and upon the terms and subject to the conditions set forth herein.

D. The Board of Directors of Launch (the "**Launch Board of Directors**") has determined that the consideration to be paid for each Share in the Offer and the Merger is fair to the holders of such Shares and has resolved to recommend that the holders of such Shares accept the Offer and adopt this Agreement and each of the transactions contemplated by this Agreement upon the terms and subject to the conditions set forth herein.

E. Contemporaneously with the execution and delivery of this Agreement, and as a condition and inducement to Yahoo!'s willingness to enter into this Agreement, certain stockholders of Launch (each, a "**Stockholder**") are entering into a Stockholders Agreement (the "**Stockholders Agreement**") in substantially the form attached hereto as *Exhibit A*, pursuant to which each such Stockholder has agreed, among other things, to tender his Shares in the Offer, to grant to Yahoo! the right to purchase his Shares upon payment by Yahoo! of the Offer Price following the occurrence of certain events, and to grant Yahoo! a proxy with respect to the voting of such Shares in favor of the Merger upon the terms and subject to the conditions set forth therein.

F. In addition, contemporaneously with the execution and delivery of this Agreement, and as a condition and inducement to Yahoo!'s willingness to enter into this Agreement, certain employees of Launch are entering into Noncompetition Agreements with Yahoo! in the form attached hereto a *Exhibit B*.

G. Launch, Yahoo! and Purchaser desire to make certain representations, warranties, covenants and agreements in connection with the Offer and Merger.

NOW, THEREFORE, in consideration of the foregoing and the respective covenants, agreements, representations and warranties set forth herein, the parties agree as follows:

ARTICLE I

THE MERGER

1.1 *The Offer.*

(a) Provided that this Agreement shall not have been terminated in accordance with Section 8.1 and none of the events set forth in Annex I hereto shall have occurred and be continuing, Purchaser shall commence (within the meaning of Rule 14d-2 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) the Offer as promptly as practicable (and in any event not later than ten (10) business days) following the date hereof. The obligations of Purchaser to accept for payment and to pay for any Shares validly tendered on or prior to the expiration of the Offer and not withdrawn shall be subject only to (i) there being validly tendered and not withdrawn prior to the expiration of the Offer that number of Shares which, together with the Shares then actually owned by Yahoo! or Purchaser or any direct or indirect wholly owned subsidiary of Yahoo!, represents at least a majority of the Shares outstanding on a Fully Diluted Basis (the "**Minimum Condition**"); and (ii) the other conditions set forth in Annex I hereto. For purposes of the foregoing, "**Fully Diluted Basis**" shall refer to the number of Shares issued and outstanding at any time after taking into account all Shares issuable upon the conversion of Launch convertible securities or upon the exercise of any options, warrants or rights to purchase shares of Launch capital stock that could vest within 90 days of the time of determination and in each case that have a conversion or exercise price per share less than the Offer Price. Subject to the prior satisfaction or waiver by Yahoo! or Purchaser of the Minimum Condition and the other conditions of the Offer set forth in Annex I hereto, Purchaser shall consummate the Offer in accordance with its terms and accept for payment and pay for all Shares tendered and not withdrawn promptly following the acceptance of Shares for payment pursuant to the Offer. The Offer shall be made by means of an offer to purchase (the "**Offer to Purchase**") that contains the terms set forth in this Agreement, the Minimum Condition and the other conditions set forth in Annex I hereto. Purchaser shall not, and Yahoo! shall cause Purchaser not to, decrease the Offer Price, change the form of consideration payable in the Offer, decrease the number of Shares sought in the Offer, impose additional conditions to the Offer, extend the offer beyond the date that is twenty (20) business days after commencement of the Offer (the "**Initial Expiration Date**") except as set forth below, or amend any other condition of the Offer in any manner adverse to the holders of the Shares, in each case without the prior written consent of Launch (such consent to be authorized by Launch's Board of Directors or a duly authorized committee thereof). Notwithstanding the foregoing, Purchaser may, without the consent of the Launch, (i) extend the Offer beyond the Initial Expiration Date for the shortest time periods which it reasonably believes are necessary, in one or more such periods, but in no event more than an additional fifteen (15) business days, if, at the scheduled expiration of the Offer, Yahoo! and Purchaser shall not be in material breach of this Agreement and any of the conditions to Purchaser's obligation to accept Shares for payment, shall not be satisfied or waived and such condition is reasonably capable of being satisfied, or (ii) extend the Offer for any period required by any rule, regulation or interpretation of the United States Securities and Exchange Commission ("**SEC**"), or the staff thereof, applicable to the Offer. Purchaser may, without the consent of Launch, extend the Offer for a subsequent

offering period of up to twenty (20) business days in accordance with Rule 14d-11 under the Exchange Act. In addition, the Offer Price may be increased and the Offer may be extended to the extent required by law in connection with such increase, in each case without the consent of Launch.

(b) On the date the Offer is commenced, Yahoo! and Purchaser shall file with the SEC, pursuant to Regulation M-A under the Exchange Act ("**Regulation M-A**"), a Tender Offer Statement on Schedule TO with respect to the Offer (together with all amendments, supplements

and exhibits thereto, the "**Schedule TO**"). The Schedule TO shall include the summary term sheet required under Regulation M-A and, as exhibits, the Offer to Purchase and a form of letter of transmittal and summary advertisement (collectively, together with any amendments and supplements thereto, the "**Offer Documents**"). Yahoo! and Purchaser agree to take all steps necessary to cause the Offer Documents to be filed with the SEC and disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. Yahoo! and Purchaser agree to take all steps necessary to ensure that (i) the Offer Documents will comply in all material respects with the provisions of the Exchange Act, the rules and regulations thereunder and other applicable federal securities laws; and (ii) the Offer Documents shall not contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, except that no representation is made by Yahoo! or Purchaser with respect to information furnished by Launch expressly for inclusion in the Offer Documents. Yahoo! and Purchaser, on the one hand, and Launch, on the other hand, agree to promptly correct any information provided by it for use in the Offer Documents if and to the extent that it shall have become false or misleading in any material respect or as otherwise required by law. Yahoo! and Purchaser further agree to take all steps necessary to cause the Offer Documents as so corrected to be filed with the SEC and disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. Launch and its counsel shall be given a reasonable opportunity to review and comment upon the Schedule TO before it is filed with the SEC. In addition, Yahoo! and Purchaser agree to provide Launch and its counsel with any comments, whether written or oral, that Yahoo!, Purchaser or their counsel may receive from time to time from the SEC or its staff with respect to the Offer Documents promptly after Yahoo!'s or Purchaser's, as the case may be, receipt of such comments, and any written or oral responses thereto.

1.2 *Launch Actions.*

(a) As soon as practicable after the commencement of the Offer, Launch shall, in a manner that complies with Rule 14d-9 under the Exchange Act, file with the SEC a Tender Offer Solicitation/Recommendation Statement on Schedule 14D-9 (together with all amendments, supplements and exhibits thereto, the "**Schedule 14D-9**") which shall, subject to the provisions of Section 5.2(c), contain the recommendation referred to in clause (iii) of Section 3.18. Launch further agrees to take all steps necessary to cause the Schedule 14D-9 to be filed with the SEC and disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. Launch, on the one hand, and Yahoo! and Purchaser, on the other hand, agree to promptly correct any information provided by it for use in the Schedule 14D-9 if and to the extent that it shall have become false or misleading in any material respect or as otherwise required by law. Launch agrees to take all steps necessary to cause the Schedule 14D-9 as so corrected to be filed with the SEC and disseminated to holders of the Shares, in each case as and to the extent required by applicable federal securities laws. Yahoo!, Purchaser and their counsel shall be given the opportunity to review and comment upon the Schedule 14D-9 before it is filed with the SEC. In addition, Launch agrees to provide Yahoo!, Purchaser and their counsel in writing with any comments, whether written or oral, that Launch or its counsel may receive from time to time from the SEC or its staff with respect to the Schedule 14D-9 promptly after Launch's receipt of such comments, and any written or oral responses thereto.

(b) In connection with the Offer, Launch shall promptly furnish or cause to be furnished to Yahoo! or Purchaser mailing labels, security position listings and any available listing or computer file containing the names and addresses of the record holders of the Shares as of a recent date, and shall promptly furnish or cause to be furnished to Yahoo! or Purchaser with such information and assistance (including, but not limited to, lists of holders of the Shares, updated periodically,

and their addresses, mailing labels and lists of security positions) as Yahoo! or Purchaser or its agent(s) may reasonably request for the purpose of communicating the Offer to the record and beneficial holders of the Shares. Except for such steps as are necessary to disseminate the Offer Documents, Yahoo! and Purchaser shall hold in confidence the information contained in any of such labels and lists and the additional information referred to in the preceding sentence, shall use such information only in connection with the Offer, and the transactions contemplated hereby, and, if this Agreement is terminated, will deliver or cause to be delivered to Launch all copies and any summaries of such information then in its possession or the possession of its agents or representatives.

1.3 *Directors.*

(a) Promptly upon the purchase of and payment for any Shares by Yahoo! or Purchaser which represents at least a majority of the outstanding Shares (on a Fully Diluted Basis), Yahoo! shall be entitled to elect or designate such number of directors, rounded up to the next whole number, on Launch's Board of Directors as is equal to the product of the total number of directors on Launch's Board of Directors (giving effect to the directors elected or designated by Yahoo! pursuant to this sentence) multiplied by the percentage that the aggregate number of Shares beneficially owned by Purchaser, Yahoo! and any of their affiliates bears to the total number of Shares then outstanding (including for purposes of this Section 1.3 such Shares as are accepted for payment pursuant to the Offer, but excluding Shares subject to purchase under the Stockholders Agreement and Shares owned by Launch or any of its subsidiaries). Launch shall, upon Yahoo!'s request, use its reasonable efforts either to promptly increase the size of Launch's Board of Directors, including by amending the Bylaws of Launch if necessary so as to increase the size of Launch's Board of Directors, or promptly secure the resignations of such number of its incumbent directors, or both, as is necessary to enable Yahoo!'s designees to be so elected or designated to Launch's Board of Directors, and shall use its reasonable best efforts to cause Yahoo!'s designees to be so elected or designated at such time. At such time, Launch shall, upon Yahoo!'s request, also cause persons elected or designated by Yahoo! to constitute the same percentage (rounded up to the next whole number) as is on Launch's Board of Directors of (i) each committee of Launch's Board of Directors; (ii) each board of directors (or similar body) of each Launch subsidiary; and (iii) each committee (or similar body) of each such board, in each case only to the extent permitted by applicable law or the rules of any stock exchange or trading market on which Launch's common stock is listed or traded. Launch's obligations under this Section 1.3(a) shall be subject to Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder. Launch shall promptly upon execution of this Agreement take all actions required pursuant to such Section 14(f) and Rule 14f-1 in order to fulfill its obligations under this Section 1.3(a), including, but not limited to, mailing to stockholders (together with the Schedule 14D-9) the information required by Section 14(f) and Rule 14f-1 as is necessary to enable Yahoo!'s designees to be elected or designated to Launch's Board of Directors. Yahoo! or Purchaser shall supply Launch in writing and be solely responsible for any information with respect to either of them and their nominees, officers, directors and affiliates to the extent required by Section 14(f) and Rule 14f-1. The provisions of

this Section 1.3(a) are in addition to and shall not limit any rights that any of Purchaser, Yahoo! or any of their respective affiliates may have as a holder or beneficial owner of Shares as a matter of law with respect to the election of directors or otherwise.

(b) In the event that Yahoo!'s designees are elected or designated to Launch's Board of Directors as contemplated by Section 1.3(a), then, until the Effective Time (as defined in Section 1.5), Launch shall cause Launch's Board of Directors to have at least two (2) non-employee directors who are directors on the date hereof (the "**Independent Directors**"), provided, however, that if any Independent Director is unable to serve due to death or disability,

---

the remaining Independent Director(s) shall be entitled to elect or designate another person (or persons) who serves as a director on the date hereof to fill such vacancy, and such person (or persons) shall be deemed to be an Independent Director for purposes of this Agreement. If no Independent Director then remains, the other directors shall designate two persons who are directors on the date hereof (or, in the event there shall be less than two directors available to fill such vacancies as a result of such persons' deaths, disabilities or refusals to serve, such smaller number of persons who are directors on the date hereof) to fill such vacancies and such persons shall be deemed Independent Directors for purposes of this Agreement. Notwithstanding anything in this Agreement to the contrary, if Yahoo!'s designees constitute a majority of Launch's Board of Directors during the period after the election of such directors designated by Yahoo! pursuant to this Section 1.3 but prior to the Effective Time, the Board of Directors of Launch shall delegate to a committee of the Board of Directors of Launch comprised solely of the Independent Directors (the "**Committee**") the sole responsibility for (i) the amendment or termination of this Agreement (in either case in accordance with this Agreement) on behalf of Launch, (ii) the waiver of any of Launch's rights or remedies hereunder, (iii) the extension of the time for performance of Yahoo!'s or Purchaser's obligations hereunder, or (iv) the assertion or enforcement of Launch's rights under this Agreement to object to a termination of this Agreement under Section 8.1(e). In addition, if Yahoo!'s designees constitute a majority of Launch's Board of Directors after the acceptance for payment of Shares pursuant to the Offer and prior to the Effective Time, then, in addition to the foregoing, the affirmative vote of a majority of the Independent Directors (or, if there shall be only one Independent Director, the affirmative vote of the single Independent Director) shall be required to (i) amend the Certificate of Incorporation or Bylaws of Launch if such action would materially and adversely affect holders of Shares other than Yahoo! or Purchaser; or (ii) take any other action of Launch's Board of Directors under or in connection with this Agreement if such action would materially and adversely affect holders of Shares other than Yahoo! or Purchaser; *provided*, *however*, that if there shall be no Independent Directors as a result of such persons' deaths, disabilities or refusal to serve, then such actions and the actions referenced in the immediately prior sentence may be effected by majority vote of the entire Launch Board of Directors.

1.4 *The Merger.*

(a) Subject to the terms and conditions of this Agreement, at the Effective Time, Launch and Purchaser shall consummate a merger (the "**Merger**") pursuant to which (i) Purchaser shall be merged with and into Launch and the separate corporate existence of Purchaser shall thereupon cease; (ii) Launch shall be the successor or surviving corporation in the Merger and shall continue to be governed by the laws of the State of Delaware; and (iii) the separate corporate existence of Launch with all its rights, privileges, immunities, powers and franchises shall continue unaffected by the Merger. The corporation surviving the Merger is sometimes hereinafter referred to as the "**Surviving Corporation**." The Merger shall have the effects set forth in the Delaware Law.

(b) At the Effective Time, the Certificate of Incorporation of the Surviving Corporation shall be amended so as to read substantially the same as the Certificate of Incorporation of Purchaser, as in effect immediately prior to the Effective Time, except as to the name of the Surviving Corporation which shall remain "Launch Media Inc.", until thereafter amended as provided by law and such Certificate of Incorporation.

(c) At the Effective Time, the Bylaws of the Surviving Corporation shall be amended so as to read substantially the same as the Bylaws of Purchaser, as in effect immediately prior to the Effective Time, except as to the name of the Surviving Corporation which shall remain "Launch Media Inc.", until thereafter amended as provided by law, the Certificate of Incorporation of the Surviving Corporation and such Bylaws.

1.5 *Effective Time.* Yahoo!, Purchaser and Launch shall cause an appropriate Certificate of Merger or Certificate of Ownership and Merger, as applicable (in either case, a "**Certificate of Merger**") to be executed and filed on the Closing Date (as defined in Section 1.6) (or on such other date as Yahoo! and Launch may agree) with the Secretary of State of the State of Delaware as provided in the Delaware Law. The Merger shall become effective on the date on which the Certificate of Merger has been duly filed with the Secretary of State of the State of Delaware or such time as is agreed upon by the parties and specified in the Certificate of Merger, such time hereinafter referred to as the "**Effective Time**."

1.6 *Closing.* The closing of the Merger (the "**Closing**") will take place at 9:00 a.m. (California time) on a date to be specified by the parties, such date to be no later than the second business day after satisfaction or waiver of all of the conditions set forth in Article VII (the "**Closing Date**"), at the offices of Venture Law Group, A Professional Corporation, 2800 Sand Hill Road, Menlo Park, California 94025, unless another date or place is agreed to in writing by the parties hereto.

1.7 *Directors and Officers of the Surviving Corporation.* The directors of Purchaser immediately prior to the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Corporation, and the officers of Purchaser immediately prior to the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Corporation, in each case until their respective successors shall have been duly elected, designated or qualified, or until their earlier death, resignation or removal in accordance with the Surviving Corporation's Certificate of Incorporation and Bylaws.

1.8 *Subsequent Actions.* If at any time after the Effective Time the Surviving Corporation shall determine, in its sole discretion, or shall be advised, that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm of record or otherwise in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties or assets of either of Launch or Purchaser acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger or otherwise to carry out this Agreement, then the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of either Launch or Purchaser, all such deeds, bills of sale, instruments of conveyance, assignments and assurances and to take and do, in the name and on behalf of each of such corporations or otherwise, all such other actions and things as may be necessary or desirable to vest, perfect or confirm any and all right, title or interest in, to and under such rights, properties or assets in the Surviving Corporation or otherwise to carry out this Agreement.

1.9 *Stockholders' Meeting.*

(a) If required by applicable law in order to consummate the Merger, Launch, acting through Launch's Board of Directors, shall, in accordance with applicable law and Launch's certificate of incorporation and bylaws:

(i) duly call, give notice of, convene and hold a special meeting of its stockholders to consider the approval and adoption of this Agreement and the approval of the Merger (the "**Special Meeting**") as soon as reasonably practicable following the acceptance for payment and purchase of Shares by Purchaser pursuant to the Offer and, if later, the expiration of any subsequent offering period under Section 1.1(a) hereof, for the purpose of considering and taking action upon this Agreement;

(ii) prepare and file with the SEC a preliminary proxy or information statement relating to the Merger and this Agreement and use its reasonable efforts to obtain and furnish the information required to be included by the SEC in the Proxy Statement (as hereinafter defined) and, after consultation with Yahoo!, respond promptly to any comments made by the SEC with respect to the preliminary proxy or information statement and cause a definitive proxy or information statement (the "**Proxy Statement**") to be mailed to its stockholders;

(iii) include in the Proxy Statement the recommendation of Launch's Board of Directors that stockholders of Launch vote in favor of the approval of the Merger and the adoption of this Agreement; and

(iv) use its reasonable efforts to solicit from holders of Shares proxies in favor of the Merger and take all other action reasonably necessary or advisable to secure the approval of stockholders required by the Delaware Law and any other applicable law and Launch's certificate of incorporation and bylaws (if applicable) to effect the Merger; provided that the obligations set forth in clauses (iii) and (iv) of this Section 1.9(a) shall be subject to Sections 1.10 and 5.2(c).

(b) Yahoo! agrees to vote, or cause to be voted, all of the Shares then owned by it, Purchaser or any of its other subsidiaries and affiliates in favor of the approval of the Merger and the adoption of this Agreement.

1.10 *Merger Without Meeting of Stockholders.* Notwithstanding Section 1.9, in the event that Yahoo!, Purchaser or any other subsidiary of Yahoo! shall acquire at least 90% of the outstanding shares of each class of capital stock of Launch entitled to vote on the Merger, pursuant to the Offer or otherwise, the parties hereto agree, subject to Article VII, to take all necessary and appropriate action to cause the Merger to become effective as soon as practicable after such acquisition, without a meeting of stockholders of Launch, in accordance with Section 253 of the Delaware Law.

ARTICLE II

CONVERSION OF SECURITIES

2.1 *Conversion of Capital Stock.* As of the Effective Time, by virtue of the Merger and without any action on the part of the holders of any Shares or common stock, par value $0.001 per share, of Purchaser ("**Purchaser Common Stock**"):

(a) *Purchaser Common Stock*. Each issued and outstanding share of Purchaser Common Stock shall be converted into and become one fully paid and nonassessable share of common stock of the Surviving Corporation.

(b) *Cancellation of Treasury Stock and Yahoo!-Owned Stock*. All Shares that are owned by Launch as treasury stock and any Shares owned by Yahoo!, Purchaser or any other wholly owned subsidiary of Yahoo! shall be cancelled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor.

(c) *Conversion of Shares*. Each issued and outstanding Share (other than Shares to be cancelled in accordance with Section 2.1(b) and other than Dissenting Shares (as defined in Section 2.3)) shall be converted into the right to receive the Offer Price, payable to the holder thereof in cash, without interest (the "**Merger Consideration**"). From and after the Effective Time, all such Shares shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each holder of a certificate representing any such Shares shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration therefor upon the surrender of such certificate in accordance with Section 2.2, without interest thereon.

2.2 *Exchange of Certificates.*

(a) *Paying Agent*. Yahoo! shall designate a bank or trust company reasonably acceptable to Launch to act as agent for the holders of Shares in connection with the Merger (the "**Paying Agent**") and to receive the funds to which holders of Shares shall become entitled pursuant to Section 2.1(c). Prior to the Effective Time, Yahoo! or Purchaser shall deposit, or cause to be deposited, with the Paying Agent the aggregate Merger Consideration. For purposes of

determining the amount of Merger Consideration to be so deposited, Yahoo! and Purchaser shall assume that no stockholder of Launch will perfect any right to appraisal of his, her or its Shares. Such funds shall be invested by the Paying Agent as directed by Yahoo! or the Surviving Corporation, in its sole discretion, pending payment thereof by the Paying Agent to the holders of the Shares. Earnings from such investments shall be the sole and exclusive property of Yahoo! and the Surviving Corporation, and no part of such earnings shall accrue to the benefit of holders of Shares.

(b) *Exchange Procedures*. Promptly after the Effective Time, the Paying Agent shall mail to each holder of record of a certificate or certificates, which immediately prior to the Effective Time represented outstanding Shares (the "**Certificates**"), whose shares were converted pursuant to Section 2.1 into the right to receive the Merger Consideration (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Paying Agent and shall be in such form and have such other provisions as Yahoo! may reasonably specify); and (ii) instructions for effecting the surrender of the Certificates in exchange for payment of the Merger Consideration. Upon surrender of a Certificate for cancellation to the Paying Agent or to such other agent or agents as may be appointed by Yahoo!, together with such letter of transmittal, duly executed, the holder of such Certificate shall be entitled to receive in exchange therefor the Merger Consideration for each Share

formerly represented by such Certificate and the Certificate so surrendered shall forthwith be cancelled. If payment of the Merger Consideration is to be made to a person other than the person in whose name the surrendered Certificate is registered, it shall be a condition precedent of payment that (x) the Certificate so surrendered shall be properly endorsed or shall be otherwise in proper form for transfer; and (y) the person requesting such payment shall have paid any transfer and other taxes required by reason of the payment of the Merger Consideration to a person other than the registered holder of the Certificate surrendered or shall have established to the satisfaction of the Surviving Corporation that such tax either has been paid or is not required to be paid. Until surrendered as contemplated by this Section 2.2, each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive the Merger Consideration in cash as contemplated by this Section 2.2, without interest thereon.

(c) *Transfer Books; No Further Ownership Rights in Shares*. At the Effective Time, the stock transfer books of Launch shall be closed and thereafter there shall be no further registration of transfers of Shares on the records of Launch. From and after the Effective Time, the holders of Certificates evidencing ownership of Shares outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such Shares, except as otherwise provided for herein or by applicable law. If, after the Effective Time, Certificates are presented to the Surviving Corporation for any reason, they shall be cancelled and exchanged as provided in this Article II.

(d) *Termination of Fund; No Liability*. At any time following six months after the Effective Time, the Surviving Corporation shall be entitled to require the Paying Agent to deliver to it any funds (including any interest received with respect thereto) made available to the Paying Agent and not disbursed (or for which disbursement is pending subject only to the Paying Agent's routine administrative procedures) to holders of Certificates, and thereafter such holders shall be entitled to look only to the Surviving Corporation (subject to abandoned property, escheat or other similar laws) only as general creditors thereof with respect to the Merger Consideration payable upon due surrender of their Certificates, without any interest thereon. Notwithstanding the foregoing, neither the Surviving Corporation nor the Paying Agent shall be liable to any holder of a Certificate for Merger Consideration delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

2.3 *Dissenting Shares.*

(a) Notwithstanding anything in this Agreement to the contrary, Shares outstanding immediately prior to the Effective Time and held by a holder who has not voted in favor of the Merger or consented thereto in writing and who has complied with Section 262 of the Delaware Law ("**Dissenting Shares**") shall not be converted into a right to receive the Merger Consideration, unless such holder fails to perfect or withdraws or otherwise loses his or her right to appraisal. A holder of Dissenting Shares shall be entitled to receive payment of the appraised value of such Shares held by him or her in accordance with Section 262 of the Delaware Law, unless, after the Effective Time, such holder fails to perfect or withdraws or loses his or her right to appraisal, in which case such Shares shall be converted into and represent only the right to receive the Merger Consideration, without interest thereon, upon surrender of the Certificate or Certificates representing such Shares pursuant to Section 2.2.

(b) Launch shall give Yahoo! (i) prompt notice of any written demands for appraisal of any Shares, attempted withdrawals of such demands and any other instruments served pursuant to the Delaware Law and received by Launch relating to rights of appraisal; and (ii) the opportunity to participate in the conduct of all negotiations and proceedings with respect to demands for appraisal under the Delaware Law. Except with the prior written consent of Yahoo!, Launch shall not voluntarily make any payment with respect to any demands for appraisal or settle or offer to settle any such demands for appraisal.

2.4 *Launch Option Plans; Employee Stock Purchase Plan; Warrants.*

(a) Effective as of the Effective Time, each outstanding stock option, stock equivalent right or right to acquire Shares (a "**Launch Option**" or "**Launch Options**") granted under Launch's 1994 Stock Option Plan (the "**1994 Option Plan**") and Launch's 1998 Stock Option Plan (the "**1998 Option Plan**," and collectively with the 1994 Option Plan, the "**Option Plans**"), whether or not then exercisable or vested, shall be (a) deemed to be 100% vested and exercisable immediately prior to the Effective Time; and (b) immediately prior to the Effective Time, cancelled and, in consideration of such cancellation, Yahoo! shall, or shall cause the Surviving Corporation to, pay to such holders of Options, an amount in respect thereof equal to the product of (x) the excess, if any, of the Offer Price over the exercise price of each such Option and (y) the number of Shares subject thereto (such payment, if any, to be net of applicable withholding and excise taxes); provided, however, that with respect to any person subject to Section 16(a) of the Exchange Act, any such amount shall be paid as soon as practicable after the first date payment can be made without liability to such person under Section 16(b) of the Exchange Act. As of the Effective Time, the Option Plans shall terminate and all rights under any provision of any other plan, program or arrangement providing for the issuance or grant of any other interest in respect of the capital stock of Launch or any Launch subsidiary shall be cancelled. Launch shall use its best efforts to effectuate the foregoing, including, but not limited to, obtaining all consents necessary to cash out and cancel all Options necessary to ensure that, after the Effective Time, no person shall have any right under the Option Plans or any other plan, program or arrangement with respect to equity securities of the Surviving Corporation or any subsidiary thereof.

(b) The Board of Directors of Launch shall take all action necessary to cause (i) any "Purchase Periods" (as defined in Launch's 1999 Employee Stock Purchase Plan (the "**ESPP**")) then in progress to be shortened setting a new "Purchase Date" (as defined in the ESPP) as of a date prior to the acceptance for payment by Yahoo! of Shares pursuant to the Offer, and any Purchase Periods then in progress shall end on such new Purchase Date, and (ii) the termination of the ESPP effective as of a time following such new Purchase Date but at or prior to the Effective Time of the Merger, as may be requested by Yahoo!.

(c) Effective at the Effective Time, each outstanding Launch Warrant (as defined in Section 3.2), whether or not exercisable or vested, shall be (a) deemed to be 100% vested and exercisable immediately prior to the Effective Time; and (b) immediately prior to the Effective Time, cancelled and, in consideration of such cancellation, Yahoo! shall, or shall cause the Surviving Corporation to, pay to the holders of such Launch Warrants, an amount in respect thereof equal to the product of (x) the excess, if any of the Offer Price over the exercise price of each such Launch Warrant and (y) the number of Shares subject thereto (such payment, if any, to be net of applicable withholding and excise taxes). As of the Effective Time, the Launch Warrants shall terminate and all rights under any provision of any other plan, program or arrangement providing for the issuance or grant of any other interest in respect of the capital stock of Launch or any Launch subsidiary shall be cancelled. Launch shall use its best efforts to effectuate the foregoing, including, but not limited to, obtaining all consents necessary to accelerate, cash out and terminate all Launch Warrants necessary to ensure that, after the Effective Time, no person shall have any right under any Launch Warrant or any other plan, program or arrangement with respect equity securities of the Surviving Corporation or any subsidiary thereof.

Section 2.5 *Withholding.* Each of the Paying Agent, Yahoo!, and the Surviving Corporation shall be entitled to deduct and withhold from any amounts payable or otherwise deliverable pursuant to this Agreement to any holder or former holder of Launch Common Stock or Launch Options such amounts as may be required to be deducted or withheld therefrom under the Internal Revenue Code (the "**Code**") or any provision of state, local or foreign tax law or under any other applicable legal requirement. To the extent such amounts are so deducted or withheld, such amounts shall be treated for all purposes under this Agreement as having been paid to the person to whom such amounts would otherwise have been paid.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF ROCKET

Launch represents and warrants to Yahoo! and Purchaser, subject to the exceptions specifically disclosed in writing in the disclosure schedules delivered by Launch to Yahoo! dated as of the date hereof and certified by a duly authorized officer of Launch (the "**Launch Disclosure Schedules**"), as follows:

3.1 *Organization of Launch.*

(a) Launch and each of its subsidiaries (i) is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized; (ii) has the corporate or other power and authority to own, lease and operate its assets and property and to carry on its business as now being conducted; and (iii) except as would not have or be reasonably expected to have a Material Adverse Effect on Launch, is duly qualified or licensed to do business in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its activities makes such qualification or licensing necessary.

(b) Launch has set forth in the Launch Disclosure Schedules a true and complete list of all of Launch's subsidiaries as of the date of this Agreement, together with a list of each partnership, joint venture or other business entity in which Launch holds an interest, whether voting, equity or otherwise (collectively, the "**Joint Ventures**"), indicating the jurisdiction of organization of each such entity and Launch's equity interest therein. Except as set forth on such list, neither Launch nor any of its subsidiaries owns any equity interest in any corporation, partnership or joint venture arrangement or other business entity that is material to Launch.

(c) Launch has delivered or made available to Yahoo! a true and correct copy of the Certificate of Incorporation and Bylaws of Launch and similar governing instruments of each of its

subsidiaries and each Joint Venture, each as amended to date, and each such instrument is in full force and effect. Neither Launch nor any of its subsidiaries nor, to the knowledge of Launch, any Joint Venture is in violation of any of the provisions of its Certificate of Incorporation or Bylaws or equivalent governing instruments.

(d) As used in this Agreement, the term "**Material Adverse Effect**" shall mean any change, effect, event, occurrence, state of facts or development (each a "Development") that is materially adverse to the business, assets, liabilities, condition (financial or otherwise) or results of operations of Launch and its subsidiaries, taken together as a whole; *provided*, *however*, that none of the following shall be deemed in themselves, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been or will be, a Material Adverse Effect: (a) any change in the market price or trading volume of Launch's common stock after the date of this Agreement; (b) provided that Launch shall have otherwise complied with the terms of this Agreement, including without limitation Section 5.1 hereof, any failure by Launch to meet internal projections or forecasts or published revenue or earnings predictions for any period ending (or for which revenues or earning are released) on or after the date of this Agreement; (c) any Development that is the direct effect of, or proximately caused by, the public announcement or pendency of the transactions contemplated by this Agreement; (d) any Development attributable to conditions affecting the U.S. economy as a whole or foreign economies where Launch or any of its subsidiaries has material operations; (e) any Development attributable or relating to (i) out-of-pocket fees and expenses (including legal, accounting, investment banking and other fees and expenses) incurred in connection with the transactions contemplate by this Agreement; *provided that* such out-of-pocket fees and expenses do not substantially vary from those identified in Section 3.1(e) of the Launch Disclosure Schedule, or (ii) the payment of any amounts due to, or the provision of any other benefits (including benefits relating to acceleration of stock options) to, any officers or employees under employment contracts, non-competition agreements, employee benefit plans, severance arrangements or other arrangements in existence as of the date of this Agreement and identified in the Launch Disclosure Schedule; (f) any Development directly resulting from or proximately caused by compliance by Launch with the terms of, or the taking of any action required by, this Agreement; or (g) any Development directly resulting from or proximately caused by any claim, suit, action or proceeding, whether pending on the date hereof or brought following the date hereof, by any recording label or similar organization against Launch or its subsidiaries alleging copyright infringement in connection with the operation of Launch's or its subsidiaries' business; *provided*, *however*, that with respect to clause (c) of this sentence, Launch shall bear the burden of proof in any proceeding with regard to establishing that any change, event, circumstance or effect is attributable to or results from the public announcement or pendency of the transactions contemplated by this Agreement. Notwithstanding the foregoing, the parties acknowledge that any material deterioration in Launch's commercial arrangements and licensing arrangements with the various recording labels and similar organizations following the date hereof, which would not otherwise be deemed a matter covered by clause (g) above and/or which shall not have been the direct result of or proximately caused by an action taken by Launch at the express direction of or with the express written consent of Yahoo! or Purchaser or a failure to take an action by Launch at the express direction of or with the express written consent of Yahoo! or Purchaser, shall remain relevant for purposes of the foregoing determination.

3.2 *Launch Capital Structure.* The authorized capital stock of Launch consists of 75,000,000 shares of Common Stock, par value $0.001 per share ("**Launch Common Stock**"), of which there were 13,531,058 shares issued and outstanding as of June 21, 2001 (none of which were held by Launch in its treasury). All outstanding shares of Launch Common Stock are duly authorized, validly issued, fully paid and nonassessable and are not subject to preemptive rights created by statute, the Certificate of Incorporation or Bylaws of Launch or any agreement or document to which Launch is a party or by

which it or its assets is bound. As of June 21, 2001, (i) Launch had reserved an aggregate of 50,851 shares of Launch Common Stock for issuance pursuant to the 1994 Option Plan and an aggregate of 3,765,797 shares of Launch Common Stock for issuance pursuant to the 1998 Option Plan, and (ii) there were Launch Options outstanding to purchase an aggregate of 41,451 shares of Launch Common Stock pursuant to the 1994 Option Plan and an aggregate of 2,195,004 shares of Launch Common Stock pursuant to the 1998 Option Plan. As of June 21, 2001, there are warrants ("**Launch Warrants**") outstanding to purchase 946,496

shares of Launch Common Stock. As of June 21, 2001, Launch had reserved an aggregate of 124,747 shares of Launch Common Stock for issuance pursuant to the ESPP. All shares of Launch Common Stock subject to issuance as aforesaid, upon issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, would be duly authorized, validly issued, fully paid and nonassessable. The Launch Disclosure Schedules list for each person who held Launch Options or Launch Warrants to acquire shares of Launch Common Stock as of June 21, 2001, the name of the holder of such option or warrant, the exercise price of such option or warrant and the number of shares subject to such option or warrant.

3.3 *Obligations With Respect to Capital Stock.* Except as set forth in Section 3.2, there are no equity securities, partnership interests or similar ownership interests of any class of Launch equity security, or any securities exchangeable or convertible into or exercisable for such equity securities, partnership interests or similar ownership interests, issued, reserved for issuance or outstanding. Except for securities Launch owns free and clear of all claims and encumbrances, directly or indirectly through one or more subsidiaries, there are no equity securities, partnership interests or similar ownership interests of any class of equity security of any subsidiary of Launch or any Joint Venture, or any security exchangeable or convertible into or exercisable for such equity securities, partnership interests or similar ownership interests, issued, reserved for issuance or outstanding. Except as set forth in Section 3.2, there are no subscriptions, options, warrants, equity securities, partnership interests or similar ownership interests, calls, rights (including preemptive rights), commitments or agreements of any character to which Launch or any of its subsidiaries or, to the knowledge of Launch, any Joint Venture is a party or by which it is bound obligating Launch or any of its subsidiaries or, the knowledge of Launch, any Joint Venture to issue, deliver or sell, or cause to be issued, delivered or sold, or repurchase, redeem or otherwise acquire, or cause the repurchase, redemption or acquisition of, any shares of capital stock, partnership interests or similar ownership interests of Launch or any of its subsidiaries or any Joint Venture or obligating Launch or any of its subsidiaries or any Joint Venture to grant, extend, accelerate the vesting of or enter into any such subscription, option, warrant, equity security, call, right, commitment or agreement. There are no registration rights and, except as otherwise contemplated by the Stockholders Agreement, there is no voting trust, proxy, rights plan, antitakeover plan or other agreement or understanding to which Launch is a party or by which it is bound with respect to any equity security of any class of Launch or with respect to any equity security, partnership interest or similar ownership interest of any class of any of its subsidiaries or any Joint Venture.

3.4 *Authority.*

(a) Launch has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Launch, subject only to the approval and adoption of this Agreement and the approval of the Merger by Launch's stockholders and the filing of the Certificate of Merger pursuant to Delaware Law. A vote of the holders of a majority of the outstanding shares of Launch Common Stock is sufficient for Launch's stockholders to approve and adopt this Agreement and approve the Merger. This Agreement has been duly executed and delivered by Launch and, assuming the due execution and delivery by Yahoo! and Purchaser, constitutes the valid and binding obligation of Launch, enforceable against Launch in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency,

reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) general principals of equity. The execution and delivery of this Agreement by Launch does not, and the performance of this Agreement by Launch will not, (i) conflict with or violate the Certificate of Incorporation or Bylaws of Launch or the equivalent organizational documents of any of its subsidiaries, (ii) subject to obtaining the approval and adoption of this Agreement and the approval of the Merger by Launch's stockholders at the Special Meeting (if required by applicable law in order to consummate the Merger) and compliance with the requirements set forth in Section 3.4(b) below, conflict with or violate any law, rule, regulation, order, judgment or decree applicable to Launch or any of its subsidiaries or by which Launch or any of its subsidiaries or any of their respective properties is bound or affected, or (iii) result in any material breach of or constitute a material default (or an event that with notice or lapse of time or both would become a material default) under, or impair Launch's rights or alter the rights or obligations of any third party under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a material lien or encumbrance on any of the material properties or assets of Launch or any of its subsidiaries pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise, concession, or other instrument or obligation, in each case that is material to Launch, to which Launch or any of its subsidiaries is a party or by which Launch or any of its subsidiaries or its or any of their respective assets are bound or affected. The Launch Disclosure Schedules list all consents, waivers and approvals under any of Launch's or any of its subsidiaries' agreements, contracts, licenses or leases required to be obtained in connection with the consummation of the transactions contemplated hereby, which, if individually or in the aggregate not obtained, would result in a loss of benefits to Launch, Yahoo! or the Surviving Corporation as a result of the Merger that would be reasonably likely to result in a Material Adverse Effect with respect to Launch, Yahoo! or the Surviving Corporation.

(b) No consent, approval, order or authorization of, or registration, declaration or filing with any court, administrative agency or commission or other governmental authority or instrumentality, foreign or domestic ("**Governmental Entity**"), is required to be obtained or made by Launch in connection with the execution and delivery of this Agreement or the consummation of the Merger, except for (i) compliance with any applicable requirements of the Exchange Act, (ii) any filings that may be required under the Delaware law in connection with the Merger, (iii) the filing with the SEC and/or the Nasdaq Stock Market, Inc. of (A) the Schedule 14D-9, (B) the Proxy Statement if stockholder approval is required by law and (C) such reported under Section 13(a) of the Exchange Act as may be required in connection with this Agreement and the transactions contemplated thereby, (iv) such filings and approvals as may be required by any applicable state securities, blue sky or takeover laws or (v) such other consents, authorizations, filings, approvals and registrations which if not obtained or made would not be material to Launch or Yahoo! or have a material adverse effect on the ability of the parties hereto to consummate the Merger.

3.5 *SEC Filings; Launch Financial Statements.*

(a) Launch has filed all forms, reports and documents required to be filed by Launch with the SEC since April 23, 1999, and has made available to Yahoo! such forms, reports and documents in the form filed with the SEC. All such required forms, reports and documents (including those that Launch may file subsequent to the date hereof) are referred to herein as the "**Launch SEC Reports**." As of their respective dates, the Launch SEC Reports (i) were prepared in accordance with the requirements of the Securities Act of 1933, as amended (the "**Securities Act**"), or the Exchange Act, as the case may be, and the rules and regulations of the SEC thereunder applicable to such Launch SEC Reports and (ii) did not and will not at the time they were or will be filed (or if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing) contain any untrue statement of a material fact or omit to state a

material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. None of Launch's subsidiaries or Joint Ventures is required to file any forms, reports or other documents with the SEC or similar regulatory body.

(b) Each of the consolidated financial statements (including, in each case, any related notes thereto) contained in the Launch SEC Reports (the "**Launch Financials**"), including each Launch SEC Reports filed after the date hereof until the Closing, (i) complied as to form in all material respects with the published rules and regulations of the SEC with respect thereto, (ii) was prepared in accordance with United States generally accepted accounting principles ("**GAAP**") applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto or, in the case of unaudited interim financial statements, as may be permitted by the SEC on Form 10-Q under the Exchange Act) and (iii) fairly presented the consolidated financial position of Launch and its subsidiaries as at the respective dates thereof and the consolidated results of Launch's operations and cash flows for the periods indicated, except that the unaudited interim financial statements may not contain footnotes and were or are subject to normal and recurring year-end adjustments. The balance sheet of Launch contained in Launch SEC Reports as of March 31, 2001 is hereinafter referred to as the "**Launch Balance Sheet**." Except as disclosed in the Launch Financials, since the date of the Launch Balance Sheet neither Launch nor any of its subsidiaries has any liabilities required under GAAP to be set forth on a balance sheet (absolute, accrued, contingent or otherwise) which are, individually or in the aggregate, material to the business, results of operations or financial condition of Launch and its subsidiaries taken as a whole, except for liabilities incurred since the date of the Launch Balance Sheet in the ordinary course of business consistent with past practices and liabilities under this Agreement or incurred in connection with the transactions contemplated hereby.

(c) Launch has heretofore furnished to Yahoo! a complete and correct copy of any amendments or modifications, which have not yet been filed with the SEC but which are required to be filed, to forms, reports, agreements, documents or other instruments which previously had been filed by Launch with the SEC pursuant to the Securities Act or the Exchange Act.

3.6 *Absence of Certain Changes or Events.* Since the date of the Launch Balance Sheet there has not been: (i) any Material Adverse Effect with respect to Launch and its subsidiaries and Joint Ventures, taken as a whole, (ii) any declaration, setting aside or payment of any dividend on, or other distribution (whether in cash, stock or property) in respect of, any of Launch's capital stock, or any purchase, redemption or other acquisition by Launch of any of Launch's capital stock or any other securities of Launch or any options, warrants, calls or rights to acquire any such shares or other securities except for repurchases from employees following their termination pursuant to the terms of their pre-existing stock option or purchase agreements, (iii) any split, combination or reclassification of any of Launch's capital stock, (iv) any granting by Launch or any of its subsidiaries of any increase in compensation or fringe benefits to any of their officers, directors or managers or employees who earn more than $50,000 per year, or any payment by Launch or any of its subsidiaries of any bonus to any of their officers, directors or managers or employees who earn more than $50,000 per year, or any granting by Launch or any of its subsidiaries of any increase in severance or termination pay or any entry by Launch or any of its subsidiaries into, or material modification or amendment of, any currently effective employment, severance, termination or indemnification agreement or any agreement the benefits of which are contingent or the terms of which are materially altered upon the occurrence of a transaction involving Launch of the nature contemplated hereby, (v) any material change or alteration in the policy of Launch relating to the granting of stock options to its employees and consultants, (vi) entry by Launch or any of its subsidiaries or, to the knowledge of Launch, any Joint Venture into, or material modification, amendment or cancellation of, any licensing, distribution, sponsorship, advertising, merchant program or other similar agreement or which either is not terminable by Launch

or its subsidiaries or Joint Venture, as the case may be, without penalty upon no more than 30 days' prior notice or provides for payments by Launch or its subsidiaries or a Joint Venture in an amount in excess of $25,000 over the term of the agreement or to Launch or its subsidiaries or a Joint Venture in an amount in excess of $100,000 over the term of the agreement, (vii) any material change by Launch in its accounting methods, principles or practices, except as required by concurrent changes in GAAP, (viii) any communication from The Nasdaq National Market with respect to the de-listing of Launch's common stock, or (ix) any revaluation by Launch of any of its assets, including, without limitation, writing off notes or accounts receivable other than in the ordinary course of business. The aggregate obligations of Launch and any of its subsidiaries due following the date hereof under all agreements to which Launch or any of its subsidiaries is a party which (A) are not disclosed on Schedule 3.6(vi) of the Launch Disclosure Schedules and individually involve obligations of greater than $25,000 or (B) are not disclosed on Schedule 3.14(f) of the Launch Disclosure Schedules and individually involve obligations of greater than $10,000, do not exceed $250,000.

3.7 *Taxes.*

(a) *Definition of Taxes*. For the purposes of this Agreement, "**Tax**" or "**Taxes**" refers to (i) any and all federal, state, local and foreign taxes, assessments and other governmental charges, duties, impositions and liabilities relating to taxes, including taxes based upon or measured by gross receipts, income, profits, sales, use and occupation, and value added, ad valorem, transfer, franchise, withholding, payroll, recapture, employment, excise and property taxes, together with all interest, penalties and additions imposed with respect to such amounts, (ii) any liability for payment of any amounts of the type described in clause (i) as a result of being a member of an affiliated consolidated, combined or unitary group, and (iii) any liability for amounts of the type described in clauses (i) and (ii) as a result of any express or implied obligation to indemnify another person or as a result of any obligations under any agreements or arrangements with any other person with respect to such amounts and including any liability for taxes of a predecessor entity.

(b) *Tax Returns and Audits*.

(i) Launch and each of its subsidiaries have timely filed all material federal, state, local and foreign returns, estimates, information statements and reports ("**Returns**") relating to Taxes required to be filed by or on behalf of Launch and each of its subsidiaries with any Tax authority, such Returns are true, correct and complete in all material respects, and Launch and each of its subsidiaries have paid (where required by law or otherwise accrued) all Taxes shown to be due on such Returns.

(ii) Launch and each of its subsidiaries have withheld with respect to its employees all federal and state income Taxes, Taxes pursuant to the Federal Insurance Contribution Act, Taxes pursuant to the Federal Unemployment Tax Act and other Taxes required to be withheld.

(iii) There is no material Tax deficiency outstanding, proposed or assessed against Launch or any of its subsidiaries, nor has Launch or any of its subsidiaries executed any unexpired waiver of any statute of limitations on or extending the period for the assessment or collection of any Tax that is still in effect.

(iv) No audit or other examination of any Return of Launch or any of its subsidiaries by any Tax authority is presently in progress, nor has Launch or any of its subsidiaries been notified of any request for such an audit or other examination.

(v) No adjustment of Tax relating to any Returns filed by Launch or any of its subsidiaries has been proposed in writing formally or informally by any Tax authority to Launch or any of its subsidiaries or any representative thereof.

(vi) Neither Launch nor any of its subsidiaries has any liability for unpaid Taxes which has not been accrued for or reserved on the Launch Balance Sheet, whether asserted or unasserted, contingent or otherwise, which is material to Launch, other than any liability for unpaid Taxes that may have accrued since the date of the Launch Balance Sheet in connection with the operation of the business of Launch and its subsidiaries in the ordinary course.

(vii) There is no contract, agreement, plan or arrangement to which Launch is a party, including but not limited to the provisions of this Agreement and the agreements entered into in connection with this Agreement, covering any employee or former employee of Launch or any of its subsidiaries that, individually or collectively, would be reasonably likely to give rise to the payment of any amount that would not be deductible pursuant to Sections 280G, 404 or 162(m) of the Code.

(viii) Neither Launch nor any of its subsidiaries has filed any consent agreement under Section 341(f) of the Code or agreed to have Section 341(f)(2) of the Code apply to any disposition of a subsection (f) asset (as defined in Section 341(f)(4) of the Code) owned by Launch.

(ix) Neither Launch nor any of its subsidiaries is party to or has any obligation under any tax-sharing, tax indemnity or tax allocation agreement or arrangement. Since April 16, 1997, neither Launch nor any of its subsidiaries has been a distributing corporation or a controlled corporation in a transaction described in Section 355(a) of the Code.

(x) Except as may be required as a result of the Merger, Launch and its subsidiaries have not been and will not be required to include any material adjustment in Taxable income for any Tax period (or portion thereof) pursuant to Section 481 or Section 263A of the Code or any comparable provision under state or foreign Tax laws as a result of transactions, events or accounting methods employed prior to the Closing.

(xi) Launch has made available to Yahoo! or its legal or accounting representatives copies of all foreign, federal and state income tax and all state sales and use tax Returns for Launch and each of its subsidiaries filed for all periods since its inception.

(xii) There are no liens, pledges, charges, claims, restrictions on transfer, mortgages, security interests or other encumbrances of any sort (collectively, "**Liens**") on the assets of Launch or any of its subsidiaries relating to or attributable to Taxes, other than Liens for Taxes not yet due and payable.

3.8 *Title to Properties; Absence of Liens and Encumbrances.*

(a) Launch owns no real property interests. The Launch Disclosure Schedules list all real property leases to which Launch is a party and each amendment thereto that is in effect as of the date of this Agreement. All such current leases are in full force and effect, are valid and effective in accordance with their respective terms, and there is not, under any of such leases, any existing default or event of default (or event which with notice or lapse of time, or both, would constitute a default) that would give rise to a claim against Launch in an amount greater than $10,000.

(b) Launch has good and valid title to, or, in the case of leased properties and assets, valid leasehold interests in, all of its tangible properties and assets, real, personal and mixed, used or held for use in its business, free and clear of any Liens, except as reflected in the Launch Financials and except for Liens for Taxes not yet due and payable and such Liens or other imperfections of title and encumbrances, if any, which are not material in character, amount or extent, and which do not materially detract from the value, or materially interfere with the present use, of the property subject thereto or affected thereby.

3.9 *Intellectual Property.* For the purposes of this Agreement, the following terms have the following definitions:

"**Intellectual Property**" shall mean any or all of the following and all rights in, arising out of or associated therewith: (i) all United States, international and foreign patents and applications therefor and all reissues, divisions, renewals, extensions, provisionals, continuations and continuations-in-part thereof; (ii) all inventions (whether patentable or not), invention disclosures, improvements, trade secrets, proprietary information, know how, technology, technical data and customer lists, and all documentation relating to any of the foregoing; (iii) all copyrights, copyrights registrations and applications therefor, and all other rights corresponding thereto throughout the world; (iv) all industrial designs and any registrations and applications therefor throughout the world; (v) all trade names, logos, common law trademarks and service marks, trademark and service mark registrations and applications therefor throughout the world; (vi) all databases and data collections and all rights therein throughout the world; (vii) all moral and economic rights of authors and inventors, however denominated, throughout the world; and (viii) any similar or equivalent rights to any of the foregoing anywhere in the world.

"**Launch Intellectual Property**" shall mean any Intellectual Property that is owned by Launch or one of its subsidiaries.

"**Registered Intellectual Property**" means all United States, international and foreign: (i) patents and patent applications (including provisional applications); (ii) registered trademarks, applications to register trademarks, intent-to-use applications, or other registrations or applications related to trademarks; (iii) registered copyrights and applications for copyright registration; and (iv) any other Intellectual Property that is the subject of an application, certificate, filing, registration or other document issued, filed with, or recorded by any state, government or other public legal authority.

"**Launch Registered Intellectual Property**" means all of the Registered Intellectual Property owned by, or filed in the name of, Launch or one of its subsidiaries.

(a) No Launch Intellectual Property or product or service of Launch is subject to any proceeding or outstanding decree, order, judgment, agreement, or stipulation restricting in any manner the use, transfer, or licensing thereof by Launch, or which may affect the validity, use or enforceability of such Launch Intellectual Property, which in any such case would be reasonably likely to have a Material Adverse Effect on Launch.

(b) Each material item of Launch Registered Intellectual Property is valid and subsisting. All necessary registration, maintenance and renewal fees currently due in connection with such Registered Intellectual Property have been made and all necessary documents, recordations and certificates in connection with such Registered Intellectual Property have been filed with the relevant patent, copyright, trademark or other authorities in the United States or foreign jurisdictions, as the case may be, for the purposes of maintaining such Registered Intellectual Property, except where the failure to do so would not be reasonably likely to have a Material Adverse Effect on Launch.

(c) Launch or one of its subsidiaries owns and has good and exclusive title to, or has license sufficient for the conduct of its business as currently conducted and as currently proposed to be conducted to, each material item of Launch Intellectual Property used in connection with the conduct of its business as currently conducted and as proposed to be conducted free and clear of any lien or encumbrance (excluding licenses and related restrictions); and Launch or one of its subsidiaries is the exclusive owner of all trademarks and trade names used in connection with and material to the operation or conduct of the business of Launch and its subsidiaries, including the sale of any products or the provision of any services by Launch and its subsidiaries.

(d) Launch or one of its subsidiaries owns exclusively, and has good title to, all copyrighted works that are Launch products or which Launch otherwise expressly purports to own.

(e) To the extent that any material Intellectual Property has been developed or created by a third party for Launch or any of its subsidiaries, Launch or its subsidiaries, as the case may be, has a written agreement with such third party with respect thereto and Launch or its subsidiary thereby either (i) has obtained ownership of and is the exclusive owner of, or (ii) has obtained a license sufficient for the conduct of its business as currently conducted and as currently proposed to be conducted to all such third party's Intellectual Property in such work, material or invention by operation of law or by valid assignment, to the fullest extent it is legally possible to do so.

(f) The Launch Disclosure Schedules list all material contracts, licenses and agreements to which Launch is a party (i) with respect to Launch Intellectual Property licensed or transferred to any third party (other than end-user licenses in the ordinary course); or (ii) pursuant to which a third party has licensed or transferred any material Intellectual Property to Launch.

(g) All material contracts, licenses and agreements relating to the Launch Intellectual Property are in full force and effect. The consummation of the transactions contemplated by this Agreement will neither violate nor result in the breach, modification, cancellation, termination, or suspension of such contracts, licenses and agreements in accordance with its terms, the effect of which would have a material adverse effect on Launch. Launch is in material compliance with, and has not materially breached any term of any of such contracts, licenses and agreements and, to the knowledge of Launch, all other parties to such contracts, licenses and agreements are in compliance in all material respects with, and have not materially breached any term of, such contracts, licenses and agreements. Following the Closing Date, the Surviving Corporation will be permitted to exercise all of Launch's rights under such contracts, licenses and agreements to the same extent Launch would have been able to had the transactions contemplated by this Agreement not occurred and without the payment of any additional amounts or consideration other than ongoing fees, royalties or payments which Launch would otherwise be required to pay.

(h) The operation of the business of Launch as such business currently is conducted, including Launch's design, development, marketing and sale of the products or services of Launch (including with respect to products currently under active development) has not, and does not infringe or misappropriate in any material manner the Intellectual Property of any third party or, to the knowledge of Launch, constitute unfair competition or trade practices under the laws of any jurisdiction.

(i) Launch has not received written notice from any third party, and to the knowledge of Launch, no other overt threat from any third party, that the operation of the business of Launch or any act, product or service of Launch, infringes or misappropriates the Intellectual Property of any third party or constitutes unfair competition or trade practices under the laws of any jurisdiction.

(j) To the knowledge of Launch, no person has infringed or is infringing or misappropriating any Launch Intellectual Property.

(k) Launch and its subsidiaries have taken reasonable steps to protect Launch's and its subsidiaries' rights in Launch's and such subsidiaries' confidential information and trade secrets that they wish to protect or any trade secrets or confidential information of third parties provided to Launch or such subsidiaries, and, without limiting the foregoing, Launch and its subsidiaries have and enforce a policy requiring each employee and contractor to execute a proprietary information/confidentiality agreement in substantially the form provided to Yahoo!, and except under confidentiality obligations, there has not been disclosure by Launch or one of its subsidiaries of any such trade secrets or confidential information.

3.10 *Compliance with Laws; Permits; Restrictions.*

(a) Neither Launch nor any of its subsidiaries nor, to the knowledge of Launch, any Joint Venture is in any material respect in conflict with, or in default or in violation of (i) any law, rule, regulation, order, judgment or decree applicable to Launch or any of its subsidiaries or any Joint Venture or by which Launch or any of its subsidiaries or any Joint Venture or any of their respective properties is bound or affected, or (ii) any material note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which Launch or any of its subsidiaries or any Joint Venture is a party or by which Launch or any of its subsidiaries or any Joint Venture or its or any of their respective properties is bound or affected, except for conflicts, violations and defaults that (individually or in the aggregate) would not be reasonably likely to result in a Material Adverse Effect on Launch. No investigation or review by any Governmental Entity is pending or, to Launch's knowledge, has been threatened in a writing delivered to Launch against Launch or any of its subsidiaries or, to the knowledge of Launch, any Joint Venture, nor, to the knowledge of Launch, has any Governmental Entity indicated an intention to conduct an investigation of Launch or any of its subsidiaries or any Joint Venture. There is no material agreement, judgment, injunction, order or decree binding upon Launch or any of its subsidiaries or, to the knowledge of Launch, any Joint Venture which has or could reasonably be expected to have the effect of prohibiting or materially impairing any business practice of Launch or any of its subsidiaries or any Joint Venture, any acquisition of material property by Launch or any of its subsidiaries or any Joint Venture or the conduct of business by Launch as currently conducted. Launch has complied in all material respects with all applicable federal, state and local laws and regulations relating to the collection and use of user information gathered in the course of Launch's operations, and Launch has at all times complied with the rules, policies and procedures established by Launch from time to tome with respect to the foregoing. All content distributed through Launch's website is being distributed in compliance in all material respects with applicable law.

(b) Launch and its subsidiaries and, to the knowledge of Launch, the Joint Ventures hold, to the extent legally required, all permits, licenses, variances, exemptions, orders and approvals from governmental authorities that are material to and required for the operation of the business of Launch and its subsidiaries and the Joint Ventures as currently conducted (collectively, the "**Launch Permits**"). Launch and its subsidiaries and, to the knowledge of Launch, the Joint Ventures are in compliance in all material respects with the terms of the Launch Permits.

3.11 *Litigation.* There are no claims, suits, actions or proceedings pending or, to the knowledge of Launch, threatened against, relating to or affecting Launch or any of its subsidiaries or any Joint Venture, before any Governmental Entity or any arbitrator that seek to restrain or enjoin the consummation of the transactions contemplated by this Agreement or which could reasonably be expected, either singularly or in the aggregate with all such claims, actions or proceedings, to have a Material Adverse Effect on Launch or the Surviving Corporation following the Merger or have a Material Adverse Effect on the ability of the parties hereto to consummate the Merger. No Governmental Entity has at any time challenged or questioned in a writing delivered to Launch the legal right of Launch to design, offer or sell any of its services or products in the present manner or style thereof.

3.12 *Employee Benefit Plans.*

(a) *Definitions*. With the exception of the definition of "Affiliate" set forth in Section 2.12(a)(i) below (which definition shall apply only to this Section 2.12), for purposes of this Agreement, the following terms shall have the meanings set forth below:

(i) "**Affiliate**" shall mean any other person or entity under common control with Launch within the meaning of Section 414(b), (c), (m) or (o) of the Code and the regulations issued thereunder;

(ii) "**Launch Employee Plan**" shall mean any plan, program, policy, practice, contract, agreement or other arrangement providing for compensation, severance, termination pay, performance awards, stock or stock-related awards, fringe benefits or other employee benefits or remuneration of any kind, whether written or unwritten or otherwise, funded or unfunded, including without limitation, each "**employee benefit plan**," within the meaning of Section 3(3) of ERISA which is or has been maintained, contributed to, or required to be contributed to, by Launch or any Affiliate for the benefit of any Employee and pursuant to which Launch or any Affiliate has any material liability;

(iii) "**COBRA**" shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended;

(iv) "**DOL**" shall mean the Department of Labor;

(v) "**Employee**" shall mean any current, former, or retired employee, officer, or director of Launch or any Affiliate;

(vi) "**Employee Agreement**" shall mean each management, employment, severance, consulting, relocation, repatriation, expatriation, visas, work permit or similar agreement or contract between Launch or any Affiliate and any Employee or consultant;

(vii) "**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as amended;

(viii) "**FMLA**" shall mean the Family Medical Leave Act of 1993, as amended;

(ix) "**HIPPA**" shall mean the Health Insurance Portability Amendments Act of 1996, as amended.

(x) "**IRS**" shall mean the Internal Revenue Service;

(xi) "**Multiemployer Plan**" shall mean any "**Pension Plan**" (as defined below) which is a "multiemployer plan," as defined in Section 3(37) of ERISA;

(xii) "**Multiple Employer Plan**" shall mean a "**Pension Plan**" (as defined below) maintained by more than one employer as described in Section 413(c) of the Code and Sections 4063 and 4064 of ERISA.

(xiii) "**PBGC**" shall mean the Pension Benefit Guaranty Corporation; and

(xiv) "**Pension Plan**" shall mean each Launch Employee Plan which is an "employee pension benefit plan," within the meaning of Section 3(2) of ERISA;

(xv) "**WHCRA**" shall mean the Women's Health and Cancer Rights Act of 1998, as amended.

(b) *Schedule*. The Launch Disclosure Schedules contain an accurate and complete list of each Launch Employee Plan and each Employee Agreement. Launch does not have any intention or commitment to establish any new Launch Employee Plan, to modify any Launch Employee Plan or

Employee Agreement (except to the extent required by law or to conform any such Launch Employee Plan or Employee Agreement to the requirements of any applicable law, in each case as previously disclosed to Yahoo! in writing, or as required by this Agreement), or to adopt any Launch Employee Plan or Employee Agreement, nor does it have any intention or commitment to do any of the foregoing. The Launch Disclosure Schedules also contain a list of all Launch employees as of the date hereof, each such person's date of hire and each such person's annual compensation.

(c) *Documents*. Launch has provided or made available to Yahoo!: (i) correct and complete copies of all material documents embodying or relating to each Launch Employee Plan and each Employee Agreement including all amendments thereto and written interpretations thereof; (ii) the most recent annual actuarial valuations, if any, prepared for each Launch Employee Plan; (iii) the three (3) most recent annual reports (Form Series 5500 and all schedules and financial statements attached thereto), if any, required under ERISA or the Code in connection with each Launch Employee Plan or related trust; (iv) if the Launch Employee Plan is funded, the most recent annual and periodic accounting of Launch Employee Plan assets; (v) the most recent summary plan description together with the summary of material modifications thereto, if any, required under ERISA with respect to each Launch

Employee Plan; (vi) all IRS determination, opinion, notification and advisory letters, and rulings relating to Launch Employee Plans and copies of all applications and correspondence to or from the IRS or the DOL with respect to any Launch Employee Plan; (vii) all material written agreements and contracts relating to each Launch Employee Plan, including, but not limited to, administrative service agreements, group annuity contracts and group insurance contracts; (viii) all communications material to any Employee or Employees relating to any Launch Employee Plan and any proposed Launch Employee Plans, in each case, relating to any amendments, terminations, establishments, increases or decreases in benefits, acceleration of payments or vesting schedules or other events which would result in any material liability to Launch; and (ix) all registration statements and prospectuses prepared in connection with each Launch Employee Plan.

(d) *Employee Plan Compliance*. (i) Launch has performed in all material respects all obligations required to be performed by it under, is not in default or violation of; and has no knowledge of any material default or violation by any other party to each Launch Employee Plan, and each Launch Employee Plan has been established and maintained in all material respects in accordance with its terms and in compliance with all applicable laws, statutes, orders, rules and regulations, including but not limited to ERISA or the Code; (ii) each Launch Employee Plan intended to qualify under Section 401(a) of the Code and each trust intended to qualify under Section 501(a) of the Code is qualified, and has either received a favorable determination letter from the IRS with respect to each such Plan as to its qualified status under the Code or has remaining a period of time under applicable Treasury regulations or IRS pronouncements in which to apply for such a determination letter and make any amendments necessary to obtain a favorable determination applicable for all periods beginning with the adoption of such Launch Employee Plan and no event has occurred which would adversely affect the status of such determination letter or the qualified status of such Plan; (iii) no "prohibited transaction," within the meaning of Section 4975 of the Code or Sections 406 and 407 of ERISA, and not otherwise exempt under Section 408 of ERISA, has occurred with respect to any Launch Employee Plan; (iv) there are no actions, suits or claims pending, or, to the knowledge of Launch, threatened or reasonably anticipated (other than routine claims for benefits) against any Launch Employee Plan or against the assets of any Launch Employee Plan; (v) each Launch Employee Plan can be amended, terminated or otherwise discontinued after the Effective Time in accordance with its terms, without liability to Yahoo!, Launch or any of its Affiliates (other than ordinary administration expenses typically incurred in a termination event); (vi) there are no audits, inquiries or proceedings pending or, to the knowledge of Launch, threatened by the IRS or DOL with respect to any

Launch Employee Plan; and (vii) neither Launch nor any Affiliate is subject to any penalty or tax with respect to any Launch Employee Plan under Section 402(i) of ERISA or Sections 4975 through 4980 of the Code.

(e) *Pension Plans*. Launch does not now, nor has it ever, maintained, established, sponsored, participated in, or contributed to, any Pension Plan which is subject to Title IV of ERISA or Section 412 of the Code.

(f) *Multiemployer Plans*. At no time has Launch contributed to or been obligated to contribute to any Multiemployer Plan or any Multiple Employer Plan.

(g) *No Post-Employment Obligations*. No Launch Employee Plan provides, or has any liability to provide, retiree life insurance, retiree health or other retiree employee welfare benefits to any person for any reason, except as may be required by COBRA or other applicable statute, and Launch has never represented, promised or contracted (whether in oral or written form) to any Employee (either individually or to Employees as a group) or any other person that such Employee(s) or other person would be provided with retiree life insurance, retiree health or other retiree employee welfare benefit, except to the extent required by statute.

(h) *COBRA; FMLA*. Neither Launch nor any Affiliate has, prior to the Effective Time, and in any material respect, violated any of the health care continuation requirements of COBRA, the requirements of WHCRA, the requirements of FMLA or any similar provisions of state law applicable to its Employees.

(i) *Effect of Transaction*.

(i) The execution of this Agreement and the consummation of the transactions contemplated hereby will not (either alone or upon the occurrence of any additional or subsequent events) constitute an event under any Launch Employee Plan, Employee Agreement, trust or loan that will or may result in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits with respect to any Employee, except as may be required by Section 6.8 of this Agreement.

(ii) No payment or benefit which will or may be made by Launch or its Affiliates with respect to any Employee as a result of the transactions contemplated by this Agreement will be characterized as an "excess parachute payment," within the meaning of Section 280G(b)(1) of the Code or will be treated as a nondeductible expense within the meaning of Section 162 of the Code.

(j) *Employment Matters*. Launch: (i) is in compliance in all material respects with all applicable foreign, federal, state and local laws, rules and regulations respecting employment, employment practices, terms and conditions of employment and wages and hours, in each case, with respect to Employees; (ii) has withheld all amounts required by law or by agreement to be withheld from the wages, salaries and other payments to Employees; (iii) is not liable in any material respect for any arrears of wages or any taxes or any penalty for failure to comply with any of the foregoing; and (iv) is not liable for any material payment to any trust or other fund or to any governmental or administrative authority, with respect to unemployment compensation benefits, social security or other benefits or obligations for Employees (other than routine payments to be made in the normal course of business and consistent with past practice). There are no pending, or, to Launch's knowledge, threatened or reasonably anticipated claims or actions against Launch under any worker's compensation policy or long-term disability policy which would be reasonably likely to have a material adverse effect on Launch. To Launch's knowledge, no Employee of Launch has violated any employment contract, nondisclosure agreement or noncompetition agreement by which such Employee is bound due to such Employee being

employed by Launch and disclosing to Launch or using trade secrets or proprietary information of any other person or entity.

(k) *Labor*. No work stoppage or labor strike against Launch is pending, or to Launch's knowledge, threatened or reasonably anticipated. Launch does not know of or have reason to know of any activities or proceedings of any labor union to organize any Employees. There are no actions, suits, claims, labor disputes or grievances pending, or, to the knowledge of Launch, threatened or reasonably anticipated relating to any labor, safety or discrimination

matters involving any Employee, including, without limitation, charges of unfair labor practices or discrimination complaints, which, if adversely determined, would, individually or in the aggregate, result in any material liability to Launch. Neither Launch nor any of its subsidiaries has engaged in any unfair labor practices within the meaning of the National Labor Relations Act. Launch is not presently, nor has it been in the past, a party to, or bound by, any collective bargaining agreement or union contract with respect to Employees and no collective bargaining agreement is being negotiated by Launch.

(l) *International Employee Plan*. No Employee Plan has been adopted or maintained by Launch, whether informally or formally, for the benefit of Employees outside the United States.

(m) *Change of Control Payments*. The Launch Disclosure Schedules sets forth each plan or agreement pursuant to which any amounts may become payable (whether currently or in the future) to current or former employees of Launch as a result of or in connection with the Merger or the transactions contemplated by this Agreement, including the Offer.

3.13 *Environmental Matters.*

(a) *Hazardous Material*. Except as would not result in material liability to Launch, no underground storage tanks and no amount of any substance that has been designated by any Governmental Entity or by applicable federal, state or local law to be radioactive, toxic, hazardous or otherwise a danger to health or the environment, including, without limitation, PCBs, asbestos, petroleum, urea-formaldehyde and all substances listed as hazardous substances pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, or defined as a hazardous waste pursuant to the United States Resource Conservation and Recovery Act of 1976, as amended, and the regulations promulgated pursuant to said laws, but excluding office and janitorial supplies, (a "**Hazardous Material**") are present, as a result of the actions of Launch or any of its subsidiaries or any affiliate of Launch, or, to Launch's knowledge, as a result of any actions of any third party or otherwise, in, on or under any property, including the land and the improvements, ground water and surface water thereof that Launch or any of its subsidiaries has at any time owned, operated, occupied or leased.

(b) *Hazardous Materials Activities*. Except as would not result in a material liability to Launch (in any individual case or in the aggregate) (i) neither Launch nor any of its subsidiaries has transported, stored, used, manufactured, disposed of released or exposed its employees or others to Hazardous Materials in violation of any law, and (ii) neither Launch nor any of its subsidiaries has disposed of; transported, sold, used, released, exposed its employees or others to or manufactured any product containing a Hazardous Material (collectively "**Hazardous Materials Activities**") in violation of any rule, regulation, treaty or statute promulgated by any Governmental Entity in effect prior to or as of the date hereof to prohibit, regulate or control Hazardous Materials or any Hazardous Material Activity.

(c) *Permits*. Launch and its subsidiaries currently hold all environmental approvals, permits, licenses, clearances and consents (the "**Launch Environmental Permits**") material to and necessary for the conduct of Launch's and its subsidiaries' Hazardous Material Activities and other

businesses of Launch and its subsidiaries as such activities and businesses are currently being conducted.

3.14 *Agreements, Contracts and Commitments.* Except as otherwise set forth in the Launch Disclosure Schedules, neither Launch nor any of its subsidiaries is a party to or is bound by:

(a) any employment agreement, contract or commitment with any employee or member of Launch's Board of Directors, other than those that are terminable by Launch or any of its subsidiaries on no more than 30 days' notice without liability or financial obligation, except to the extent general principles of wrongful termination law may limit Launch's or any of its subsidiaries' ability to terminate employees at will, or any consulting agreement;

(b) any agreement or plan, including, without limitation, any stock option plan, stock appreciation right plan or stock purchase plan, any of the benefits of which will be increased, or the vesting of benefits of which will be accelerated, by the occurrence of any of the transactions contemplated by this Agreement or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement;

(c) any agreement of indemnification outside the ordinary course of Launch's business or any guaranty;

(d) any agreement, contract or commitment containing any covenant limiting in any respect the right of Launch or any of its subsidiaries or a Joint Venture to engage in any line of business or to compete with any person or granting any exclusive distribution rights;

(e) any agreement, contract or commitment currently in force relating to the disposition or acquisition by Launch or any of its subsidiaries or a Joint Venture after the date of this Agreement of a material amount of assets not in the ordinary course of business or pursuant to which Launch has any material ownership interest in any corporation, partnership, joint venture or other business enterprise other than Launch's subsidiaries or a Joint Venture;

(f) any licensing, distribution, sponsorship, advertising, merchant program, encoding services, hosting or other similar agreement to which Launch or one of its subsidiaries or a Joint Venture is a party which may not be canceled by Launch or its subsidiaries or a Joint Venture, as the case may be, without penalty in excess of $10,000 upon notice of 30 days or less or which provides for payments by Launch or its subsidiaries or a Joint Venture in an amount in excess of $10,000 over the term of the agreement or to Launch or its subsidiaries or a Joint Venture in an amount in excess of $100,000 over the term of the agreement;

(g) any agreement, contract or commitment currently in force to license or provide source code to any third party for any product or technology; or

(h) any other agreement, contract or commitment currently in effect that is material to Launch's business as presently conducted.

Neither Launch nor any of its subsidiaries, nor to Launch's knowledge any Joint Venture or any other party to a Launch Contract (as defined below), is in breach, violation or default under, and neither Launch nor any of its subsidiaries nor, to the knowledge of Launch, any Joint Venture has received written notice (or to its knowledge, any other form of notice) that it has breached, violated or defaulted under, any of the material terms or conditions of any of the agreements, contracts or commitments to which Launch or any of its subsidiaries or a Joint Venture is a party or by which it is bound that are required to be disclosed in the Launch Disclosure Schedules pursuant to clauses (a) through (h) above or pursuant to Section 3.9 hereof (any such agreement, contract or commitment, a "**Launch Contract**") in such a manner as would permit any other party to cancel or terminate any such Launch Contract or seek damages or other remedies the effect of which would have a Material Adverse Effect on Launch.

3.15 *Information in the Proxy Statement.* The Proxy Statement, if any (and any amendment thereof or supplement thereto), at the date mailed to Launch's stockholders and at the time of any meeting of Launch stockholders to be held in connection with the Merger, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading, except that no representation is made by Launch with respect to statements made therein based on information supplied in writing by Yahoo! or Purchaser expressly for inclusion in the Proxy Statement. The Proxy Statement will comply in all material respects with the provisions of the Exchange Act and the rules and regulations thereunder.

3.16 *Information in the Offer Documents and the Schedule 14D-9.* The information supplied by Launch expressly for inclusion in the Offer Documents and the Schedule 14D-9 will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The Schedule 14D-9 will comply in all material respects with the provisions of applicable federal securities laws and, on the date filed with the SEC and on the date first published or sent or given to Launch's stockholders, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, except that Launch makes no representation or warranty with respect to statements made in the Schedule 14D-9 based on information furnished by Yahoo! or Purchaser for inclusion therein.

3.17 *Section 203 Not Applicable.* The Board of Directors of Launch has taken all actions, which actions are conditioned on the truth and accuracy of the representation of Yahoo! and Purchaser contained in Section 4.6 of this Agreement, so that the restrictions contained in Section 203 of the Delaware General Corporation Law applicable to a "business combination" (as defined in such Section 203) will not apply to the execution, delivery or performance of this Agreement or the Stockholders Agreement or to the consummation of the Merger or the other transactions contemplated by this Agreement and the Stockholders Agreement.

3.18 *Board Approval.* The Board of Directors of Launch has, as of the date of this Agreement, unanimously (i) approved this Agreement and the transactions contemplated hereby, (ii) determined that the Offer and Merger are advisable and fair to, and in the best interests of Launch and its stockholders and (iii) determined to recommend that the stockholders of Launch accept the Offer, tender their Shares to Purchaser pursuant to the Offer, and approve and adopt this Agreement and approve the Merger.

3.19 *Brokers' and Finders' Fees.* Except for fees payable to Credit Suisse First Boston Corporation ("**CSFB**"), Launch has not incurred, nor will it incur, directly or indirectly, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement or any transaction contemplated hereby. A copy of the CSFB engagement letter with Launch has been previously provided to Yahoo!.

3.20 *Opinion of Financial Advisor.* Launch has received an opinion of CSFB dated the date hereof, to the effect that, as of such date, the consideration to be received in the Offer and the Merger by Launch's stockholders is fair to Launch's stockholders from a financial point of view, and a copy of such opinion has been delivered to Yahoo! and Purchaser, a copy of the written form of which shall be delivered to Yahoo! as soon as practicable following the date hereof and in event within three business days hereof. Launch has been authorized by CSFB to permit the inclusion of such opinion in its entirety without modification in the Offer Documents, the Schedule 14D-9 and the Proxy Statement, provided that CSFB shall have the right to review and approve in advance of filing the form and content of such opinion and any reference thereto contained in the Offer Documents and the Schedule 14D-9.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF YAHOO! AND PURCHASER

Yahoo! and Purchaser represent and warrant to Launch, subject to the exceptions specifically disclosed in writing in the Disclosure Schedules delivered by Yahoo! to Launch dated as of the date hereof and certified by a duly authorized officer of Yahoo! (the "**Yahoo! Disclosure Schedules**"), as follows:

4.1 *Organization of Yahoo! and Purchaser.*

(a) Each of Yahoo! and Purchaser (i) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized; (ii) has the corporate or other power and authority to own, lease and operate its assets and property and to carry on its business as now being conducted; and (iii) except as would not have or be reasonably likely to have a material adverse effect on Yahoo!, is duly qualified or licensed to do business in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its activities makes such qualification or licensing necessary.

(b) Yahoo! has delivered or made available to Launch a true and correct copy of the Certificate of Incorporation and Bylaws of Yahoo!, each as amended to date, and each such instrument is in full force and effect.

(c) Purchaser has not engaged in any business activities or conducted any operations other than in connection with the transactions contemplated hereby nor will it have done so prior to the consummation of the Offer.

4.2 *Authority.*

(a) Each of Yahoo! and Purchaser has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Yahoo! and Purchaser, subject only to the filing of the Certificate of Merger pursuant to Delaware Law. This Agreement has been duly executed and delivered by each of Yahoo! and Purchaser and, assuming the due authorization, execution and delivery by Launch, constitutes the valid and binding obligation of Yahoo! and Purchaser, enforceable against Yahoo! and Purchaser in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) general principles of equity. The execution and delivery of this Agreement by each of Yahoo! and Purchaser does not, and the performance of this Agreement by each of Yahoo! and Purchaser will not, (i) conflict with or violate the Certificate of Incorporation or Bylaws of Yahoo! or Purchaser, (ii) conflict with or violate any law, rule, regulation, order, judgment or decree applicable to Yahoo! or

Purchaser or by which any of their respective properties is bound or affected, or (iii) result in any material breach of or constitute a material default (or an event that with notice or lapse of time or both would become a material default) under, or impair Yahoo!'s rights or alter the rights or obligations of any third party under, or give to others any rights of termination, amendment, acceleration or cancellation of; or result in the creation of a material lien or encumbrance on any of the material properties or assets of Yahoo! or Purchaser pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation, in each case that is material to Yahoo!, to which Yahoo! or Purchaser is a party or by which Yahoo! or Purchaser or any of their respective properties are bound or affected.

(b) No consent, approval, order or authorization of; or registration, declaration or filing with any Governmental Entity is required to be obtained or made by Yahoo! or Purchaser in connection with the execution and delivery of this Agreement or the consummation of the Merger, except for (i) compliance with any applicable requirements of the Exchange Act, (ii) any filing pursuant to the Delaware Law, (iii) the filing or deemed filing with the SEC and/or the Nasdaq Stock Market, Inc. of (A) the Schedule TO, (B) the Proxy Statement, if stockholder approval is required by law and (C) such reports under Section 13(a) of the Exchange Act as may be required in connection with this Agreement and the transactions contemplated by this Agreement; (iv) such filings and approvals as may be required by any applicable state securities, blue sky or takeover laws, and (v) such other consents, authorizations, filings, approvals and registrations which if not obtained or made would not be material to Yahoo! or have a material adverse effect on the ability of the parties hereto to consummate the Merger.

4.3 *Information in the Proxy Statement.* None of the information supplied by Yahoo! or Purchaser in writing expressly for inclusion or incorporation by reference in the Proxy Statement (or any amendment thereof or supplement thereto) will, at the date mailed to stockholders and at the time of the meeting of stockholders to be held in connection with the Merger, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading.

4.4 *Information in the Offer Documents.* The Offer Documents will comply in all material respects with the provisions of applicable federal securities laws and, on the date filed with the SEC and on the date first published or sent or given to Launch's stockholders, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, except that no representation is made by Yahoo! or Purchaser with respect to information furnished by Launch expressly for inclusion in the Offer Documents.

4.5 *Financing.* Purchaser has, and will have available to it upon the consummation of the Offer, sufficient funds to consummate the transactions contemplated by this Agreement, including payment in full for all Shares validly tendered into the Offer or outstanding at the Effective Time (and all related fees and expenses), subject to the terms and conditions of the Offer and this Agreement.

4.6 *Stock Ownership.* As of the date hereof, neither Yahoo! nor the Purchaser beneficially owns any Shares.

ARTICLE V

CONDUCT PRIOR TO THE EFFECTIVE TIME

5.1 *Conduct of Business by Launch.* uring the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement pursuant to its terms or the Effective Time, Launch and each of its subsidiaries shall, except to the extent that Yahoo! shall otherwise consent in writing, carry on its business in the usual, regular and ordinary course, in substantially the same manner as heretofore conducted and in compliance in all material respects with all applicable laws and regulations, pay its debts and taxes when due subject to good faith disputes over such debts or taxes, pay or perform other material obligations when due, and use its commercially reasonable efforts consistent with past practices and policies to (i) preserve intact its present business organization, (ii) keep available the services of its present officers and employees and (iii) preserve its relationships with customers, suppliers, licensors, licensees, and others with which it has business dealings.

In addition, except as permitted by the terms of this Agreement, without the prior written consent of Yahoo!, during the period from the date of this Agreement and continuing until the earlier of the

termination of this Agreement pursuant to its terms or the Effective Time, Launch shall not do any of the following and shall not permit its subsidiaries to do, and shall use its commercially reasonable efforts to prevent any Joint Venture from doing, any of the following (except as may be contemplated by this Agreement or Schedule 5.1 of the Launch Disclosure Schedules):

(a) Waive any stock repurchase rights, accelerate, amend or change the period of exercisability of options or restricted stock, or reprice options granted under any employee, consultant, director or other stock plans or authorize cash payments in exchange for any options granted under any of such plans;

(b) Grant any severance or termination pay to any officer or employee except pursuant to written agreements in effect, or policies existing, on the date hereof and as previously disclosed in writing to Yahoo!, or adopt any new severance plan;

(c) Transfer or license to any person or entity or otherwise extend, amend or modify in any material respect any rights to the Launch Intellectual Property, other than pursuant to non-exclusive licenses in the ordinary course of business and consistent with past practice;

(d) Declare, set aside or pay any dividends on or make any other distributions (whether in cash, stock, equity securities or property) in respect of any capital stock or split, combine or reclassify any capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for any capital stock;

(e) Purchase, redeem or otherwise acquire, directly or indirectly, any shares of capital stock of Launch or its subsidiaries, except repurchases of unvested shares at cost in connection with the termination of the employment relationship with any employee pursuant to stock option or purchase agreements in effect on the date hereof;

(f) Issue, deliver, sell, authorize, pledge or otherwise encumber any shares of capital stock or any securities convertible into shares of capital stock, or subscriptions, rights, warrants or options to acquire any shares of capital stock or any securities convertible into shares of capital stock, or enter into other agreements or commitments of any character obligating it to issue any such shares or convertible securities, other than the issuance delivery and/or sale of (i) shares of Launch Common Stock pursuant to the exercise of stock options or warrants therefor, and (ii) shares of Launch Common Stock issuable to participants in the ESPP consistent with the terms thereof;

(g) Cause, permit or propose any amendments to its Certificate of Incorporation, Bylaws or other charter documents (or similar governing instruments of any of its subsidiaries);

(h) Acquire or agree to acquire by merging or consolidating with, or by purchasing any equity interest in or a portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof; or otherwise acquire or agree to acquire any assets which are material, individually or in the aggregate, to the business of Launch or enter into any joint ventures, strategic partnerships or alliances;

(i) Sell, lease, license, encumber or otherwise dispose of any properties or assets which are material, individually or in the aggregate, to the business of Launch;

(j) Incur any indebtedness for borrowed money or guarantee any such indebtedness of another person, issue or sell any debt securities or options, warrants, calls or other rights to acquire any debt securities of Launch, enter into any "keep well" or other agreement to maintain any financial statement condition or enter into any arrangement having the economic effect of any of the foregoing other than (i) in connection with the financing of ordinary course trade payables consistent with past practice or (ii) pursuant to existing credit facilities in the ordinary course of business;

(k) Adopt or amend any employee benefit plan or employee stock purchase or employee stock option plan, or enter into any employment contract or collective bargaining agreement (other than offer letters and letter agreements entered into in the ordinary course of business consistent with past practice with employees who are terminable "at will"), pay any special bonus or special remuneration to any director or employee, or increase the salaries or wage rates or fringe benefits (including rights to severance or indemnification) of its directors, officers, employees or consultants other than in the ordinary course of business, consistent with past practice;

(l) Modify, amend or terminate any material contract or agreement to which Launch or any subsidiary thereof is a party, including any joint venture agreement, or waive, release or assign any material rights or claims thereunder;

(m) Enter into any licensing, distribution, sponsorship, advertising, merchant program, encoding services, hosting or other similar contracts, agreements, or obligations which may not be canceled without penalty by Launch or its subsidiaries upon notice of 30 days or less or which provide for payments by or to Launch or its subsidiaries in an amount in excess of $25,000 over the term of the agreement or which involve any exclusive terms of any kind;

(n) Revalue any of its assets or, except as required by GAAP, make any change in accounting methods, principles or practices;

(o) Take any action, or omit to take any action, that would constitute an Event of Default under that certain Loan and Security Agreement, dated as of May 25, 2001, between Yahoo! and Launch;

(p) Fail to make in a timely manner any filings with the SEC required under the Securities Act or the Exchange Act or the rules and regulations promulgated thereunder;

(q) Take any action, or omit to take any action, that would be reasonably likely to constitute a breach of the letter agreement dated June 26, 2001 (the "*UMG Letter Agreement*") between Launch and UMG Recordings, Inc. ("*UMG*") or would be reasonably be expected to result in the termination of such agreement or permit the exercise by UMG of any right of rescission thereunder;

(r) Engage in any action with the intent to directly or indirectly adversely impact any of the transactions contemplated by this Agreement; or

(s) Agree in writing or otherwise to take any of the actions described in Section 5.1 (a) through (r) above.

5.2 *No Solicitation.*

(a) Launch agrees that it shall immediately cease and cause to be terminated all existing discussions, negotiations and communications with any persons or entities with respect to any offer or proposal relating to any transaction or series of related transactions other than the transactions contemplated by this Agreement involving: (A) any acquisition or purchase from Launch by any person or "group" (as defined under Section 13(d) of the Exchange Act and the rules and regulations thereunder) of more than a 15% interest in the total outstanding voting securities of Launch or any of its subsidiaries or any tender offer or exchange offer that if consummated would result in any person or "group" (as defined under Section 13(d) of the Exchange Act and the rules and regulations thereunder) beneficially owning 15% or more of the total outstanding voting securities of Launch or any of its subsidiaries or any merger, consolidation, business combination or similar transaction involving Launch pursuant to which the stockholders of Launch immediately preceding such transaction hold less than 85% of the equity interests in the surviving or resulting entity of such transaction; (B) any sale, lease (other than in the ordinary course of business), exchange, transfer, license (other than in the ordinary course of business), acquisition or

disposition of more than 50% of the assets of Launch; or (C) any liquidation or dissolution of Launch (each, an "**Acquisition Proposal**"). Except as provided in Section 5.2(b), from the date of this Agreement until the earlier of termination of this Agreement or the Effective Time, Launch shall not and shall not authorize or permit its officers, directors, employees, investment bankers, attorneys, accountants or other agents (collectively, "**Representatives**") to directly or indirectly (i) initiate, solicit or knowingly encourage, or knowingly take any action to facilitate the making of, any offer or proposal which constitutes or is reasonably likely to lead to any Acquisition Proposal, (ii) enter into any agreement with respect to any Acquisition Proposal, or (iii) in the event of an unsolicited Acquisition Proposal for Launch, engage in negotiations or discussions with, or provide any information or

data to, any Person (other than Yahoo! or any of its affiliates or representatives) relating to any Acquisition Proposal. Any violation of the foregoing restrictions by any of Launch's Representatives shall be deemed to be a breach of this Agreement by Launch. Notwithstanding the foregoing, nothing contained in this Section 5.2 or any other provision hereof shall prohibit Launch or Launch's Board of Directors from (x) taking and disclosing to Launch's stockholders its position with respect to any tender or exchange offer by a third party pursuant to Rules 14d-9 and 14e-2 promulgated under the Exchange Act, or (y) making such disclosure to Launch's stockholders as in the good faith judgment of Launch's Board of Directors, only after receipt of advice from outside legal counsel to Launch that such disclosure is required under applicable law and that the failure to make such disclosure is reasonably likely to cause Launch's Board of Directors to violate its disclosure obligations to Launch's stockholders under applicable law, is required.

(b) Notwithstanding the foregoing, prior to the acceptance of Shares pursuant to the Offer, Launch may furnish information concerning its business, properties or assets to any person or entity pursuant to a confidentiality agreement with terms no less favorable to Launch than those contained in the confidentiality agreement previously entered into between Yahoo! and Launch (the "**Confidentiality Agreement**"), including customary standstill provisions, and may negotiate and participate in discussions and negotiations with such person or entity concerning an Acquisition Proposal if, but only if, (x) such Acquisition Proposal provides for consideration to be received by the holders of all, but not less than all, of the issued and outstanding Shares; (y) such person or entity has on an unsolicited basis, and in the absence of any violation of this Section 5.2 by Launch, submitted a bona fide written proposal to Launch relating to any such transaction which the Board of Directors determines in good faith, after receiving advice from CSFB or another nationally recognized investment banking firm, involves consideration to the holders of the Shares that is superior to the consideration offered pursuant to the Offer and otherwise represents, or is reasonably likely to result in, a superior transaction to the Offer and the Merger and for which any necessary financing is committed or, in the reasonable judgment of the Board of Directors, reasonably likely to be obtained, and (z) in the good faith opinion of Launch's Board of Directors, after consultation with outside legal counsel to Launch, the failure to provide such information or access or to engage in such discussions or negotiations would cause Launch's Board of Directors to violate its fiduciary duties to Launch's stockholders under applicable law (an Acquisition Proposal which satisfies clauses (x), (y) and (z) being referred to herein as a "**Superior Proposal**"). Launch shall promptly, and in any event within 24 hours following receipt of a Superior Proposal and prior to providing any such party with any material non-public information, notify Yahoo! of such Superior Proposal, which notice shall include the identity of the other party and the terms of such Superior Proposal. Launch shall promptly provide to Yahoo! any material non-public information regarding Launch provided to any other party which was not previously provided to Yahoo!, such additional information to be provided no later than the date of provision of such information to such other party.

(c) Except as set forth herein, neither Launch's Board of Directors nor any committee thereof shall (i) withdraw or modify, or propose to withdraw or modify, in a manner adverse to the

transactions contemplated by this Agreement, to Yahoo! or to Purchaser, the approval or recommendation by Launch's Board of Directors or any such committee of the Offer, this Agreement or the Merger, (ii) approve or recommend or propose to approve or recommend, any Acquisition Proposal or (iii) enter into any agreement with respect to any Acquisition Proposal. Notwithstanding the foregoing, prior to the time of acceptance for payment of Shares in the Offer, Launch's Board of Directors may (subject to the terms of this and the following sentence) withdraw or modify its approval or recommendation of the Offer, this Agreement or the Merger, approve or recommend a Superior Proposal, or enter into an Acquisition Agreement (as defined in Section 5.2(d) below) with respect to a Superior Proposal (other than a confidentiality agreement entered into in compliance with the terms of Section 5.2(b)), in each case at any time after the fifth business day following Launch's delivery to Yahoo! of written notice advising Yahoo! that Launch's Board of Directors has received a Superior Proposal, specifying the material terms and conditions of such Superior Proposal and identifying the Person making such Superior Proposal; *provided*, *however*, that Launch shall not enter into an Acquisition Agreement with respect to a Superior Proposal unless Launch shall also have terminated this Agreement in compliance with Section 5.2(d). Any such withdrawal, modification or change of the recommendation of Launch's Board of Directors, the approval or recommendation or proposed approval or recommendation of any Superior Proposal or the entry by Launch into any agreement with respect to any Superior Proposal shall not change the approval of Launch's Board of Directors for purposes of causing any state takeover statute or other state law to be inapplicable to the transactions contemplated by this Agreement, including each of the Offer, the Merger and the Stockholders Agreement.

(d) Launch may terminate this Agreement and simultaneously therewith enter into a letter of intent, agreement-in-principle, acquisition agreement or other similar agreement (each, an "**Acquisition Agreement**") with respect to such Superior Proposal, *provided* that, prior to any such termination, (i) Launch has provided Yahoo! written notice that it intends to terminate this Agreement pursuant to this Section 5.2(d), identifying the Superior Proposal then determined to be more favorable and the parties thereto and delivering a copy of the Acquisition Agreement for such Superior Proposal in the form to be entered into, (ii) during the period following the delivery of the notice referred to in clause (i) above, during which Yahoo! shall have the right to propose adjustments in the terms and conditions of this Agreement and Launch shall have caused its financial and legal advisors to negotiate with Yahoo! in good faith such proposed adjustments in the terms and conditions of this Agreement, (iii) at least five full days after Launch has provided the notice referred to in clause (i) above, Launch delivers to Yahoo! (A) a written notice of termination of this Agreement pursuant to this Section 5.2(d), and (B) a cashier's check or wire transfer in the amount of the Termination Fee (as defined in Section 8.2(b)).

ARTICLE VI

ADDITIONAL AGREEMENTS

6.1 *Proxy Statement.* As promptly as practicable after the consummation of the Offer and if required by the Exchange Act, Launch shall prepare and file with the SEC, and shall use its reasonable efforts to respond promptly to any comments made by the SEC, and promptly thereafter shall mail to stockholders, the Proxy Statement. In such event, the Proxy Statement shall contain the recommendation of Launch's Board of Directors in favor of the Merger.

6.2 *Meeting of Stockholders of Launch.* In connection with the Special Meeting, if any, Launch shall use its reasonable efforts to solicit from stockholders of Launch proxies in favor of the Merger, and shall take all other action necessary or, in the reasonable opinion of Purchaser, advisable to secure any vote or consent of such stockholders required by the Delaware Law and Launch's Certificate of

Incorporation to effect the Merger. Purchaser agrees that it shall vote, or cause to be voted, in favor of the Merger all Shares directly or indirectly beneficially owned by it.

6.3 *Additional Agreements.* Subject to the terms and conditions as herein provided, Launch, Yahoo! and Purchaser shall each comply in all material respects with all applicable laws and with all applicable rules and regulations of any Governmental Entity to achieve the satisfaction of the Minimum Condition and all conditions set forth in Annex I attached hereto and in Article VII, and to consummate and make effective the Merger and the other transactions contemplated by this Agreement. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of Launch, Yahoo! and Purchaser shall use all commercially reasonable efforts to take, or cause to be taken, all such necessary actions.

6.4 *Confidentiality; Access to Information.*

(a) The parties acknowledge that Launch and Yahoo! have previously executed the Confidentiality Agreement, which Confidentiality Agreement will continue in full force and effect in accordance with its terms.

(b) Launch will afford Yahoo! and its accountants, counsel and other representatives reasonable access during normal business hours to the properties, books, records and personnel of Launch during the period prior to the Effective Time to obtain all information concerning the business, including the status of product development efforts, properties, results of operations and personnel of Launch, as Yahoo! may reasonably request. Yahoo! will afford Launch and its representatives reasonable access to information concerning Yahoo!'s business that Launch may reasonably request in order to permit, and solely for the purpose of permitting, Launch to confirm the accuracy of the representations and warranties made by Yahoo! in Article IV. No information or knowledge obtained by Yahoo! or Launch in any investigation pursuant to this Section 6.4 will affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the parties to consummate the Merger.

6.5 *Public Disclosure.* The initial press release concerning the Offer and the Merger shall be a joint press release and, thereafter, neither Yahoo!, Purchaser nor Launch will disseminate any press release or other announcement concerning the Merger, the Offer or this Agreement or the transactions contemplated by this Agreement to any third party without prior written consent of each of the other parties hereto, which consent shall not be unreasonably withheld. The parties have agreed to the text of the joint press release announcing the execution of this Agreement.

6.6 *Reasonable Efforts; Notification.*

(a) Upon the terms and subject to the conditions set forth in this Agreement, each of the parties agrees to use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Merger and the other transactions contemplated by this Agreement, including using commercially reasonable efforts to accomplish the following: (i) the taking of all reasonable acts necessary to cause the conditions precedent set forth in Article VI to be satisfied, (ii) the obtaining of all necessary actions or nonactions, waivers, consents, approvals, orders and authorizations from Governmental Entities and the making of all necessary registrations, declarations and filings (including registrations, declarations and filings with Governmental Entities, if any) and the taking of all reasonable steps as may be necessary to avoid any suit, claim, action, investigation or proceeding by any Governmental Entity, (iii) the obtaining of all necessary consents, approvals or waivers from third parties, (iv) the defending of any suits, claims, actions, investigations or proceedings, whether judicial or administrative, challenging this Agreement or the

consummation of the transactions contemplated hereby, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Entity vacated or reversed, and (v) the execution or delivery of any additional instruments necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, this Agreement; provided that nothing contained in this Section 6.6 shall require any party to waive of exercise any right hereunder which is waivable or exercisable in the sole discretion of such party. In connection with and without limiting the foregoing, Launch and its Board of Directors shall, if any state takeover statute or similar statute or regulation is or becomes applicable to the Merger, this Agreement or any of the transactions contemplated by this Agreement, use all reasonable efforts to ensure that the Merger and the other transactions contemplated by this Agreement may be consummated as promptly as practicable on the terms contemplated by this Agreement and otherwise to minimize the effect of such statute or regulation on the Merger, this Agreement and the transactions contemplated hereby. Notwithstanding anything herein to the contrary, nothing in this Agreement shall be deemed to require Yahoo! or any of its affiliates to make proposals, execute or carry out agreements or submit to orders providing for the sale or other disposition or holding separate (through the establishment of a trust or otherwise) of any assets or categories of assets of Yahoo!, any of its affiliates or Launch or the holding separate of the shares of Launch Common Stock or imposing or seeking to impose any limitation on the ability of Yahoo! or any of its subsidiaries or affiliates to conduct their business or own such assets or to acquire, hold or exercise full rights of ownership of the shares of Launch Common Stock.

(b) Launch shall give prompt notice to Yahoo! of any representation or warranty made by it contained in this Agreement becoming untrue or inaccurate, or any failure of Launch to comply with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by it under this Agreement, in each case, such that the events set forth in paragraphs (d) or (f) of Annex I hereto would occur; *provided, however*, that no such notification shall affect the representations, warranties, covenants or agreements of the parties or the conditions to the obligations of the parties under this Agreement.

6.7 *Third Party Consents.* As soon as practicable following the date hereof, Yahoo! and Launch will each use its commercially reasonable efforts to obtain any consents, waivers and approvals under any of its or its subsidiaries' respective agreements, contracts, licenses or leases required to be obtained in connection with the consummation of the transactions contemplated hereby.

6.8 *Certain Employee Benefit Matters.*

(a) To the extent requested by Parent, (i) Launch shall take all necessary action to cause any 401(k) plan sponsored or maintained by Launch to be terminated at least one day prior to the date that Parent and Launch become members of a controlled group of corporations as described in Code section 414(b) or become under common control as described in Code section 414(c) and (ii) Launch shall provide Yahoo! with a copy of resolutions duly adopted by Launch's Board of Directors amending any 401(k) plan sponsored or maintained by Launch so as to assure its continued qualified status under Code section 401(a) on termination and terminating such plan effective at least one day prior to the Closing Date.

(b) Individuals who continue employment with Yahoo!, Launch, or the Surviving Corporation from and after the Effective Time shall be referred to herein as "**Affected Employees.**" Each Affected Employee will be eligible to participate in the benefit programs, plans, arrangements, payroll practices

(including vacation or paid time off entitlement) offered to employees of Yahoo! or maintained or established by the Surviving Corporation from time to time (the "**Yahoo! Employee Benefit Plans**") pursuant to the terms of each such Plan, or in the absence of plan terms or provisions, in accordance with the regularly established policies or procedures of Yahoo! or the Surviving Corporation. In the period prior to the Effective Time the respective human resources departments of Yahoo! and Launch shall work together to establish a employee benefits transition plan for the Surviving Corporation following the consummation of the Merger.

(c) Yahoo! will, or will cause the Surviving Corporation to, recognize the employment service of each Affected Employee with Launch for purposes of eligibility and vesting (but not benefit accrual) under any Yahoo! Employee Benefit Plan. Each Affected Employee's years of service with Launch shall be otherwise recognized for all general employment purposes including, without limitation, vacation, personal time and similar general employment purposes, *provided*, that any vacation time offered by Yahoo! or Surviving Corporation in the calendar year of the Effective Time to any Affected Employee shall be offset by any vacation time used by or paid to an Affected Employee by Launch in the calendar year of the Effective Time.

6.9 *Indemnification.*

(a) From and after the time that Purchaser shall acquire shares satisfying the Minimum Condition, Yahoo! will cause Launch to fulfill and honor in all respects the obligations of Launch pursuant to any indemnification agreements between Launch and its directors and officers as of the Effective Time (the "**Indemnified Parties**") and any indemnification provisions under Launch's Certificate of Incorporation or Bylaws as in effect on the date hereof. The Certificate of Incorporation and Bylaws of the Surviving Corporation will contain provisions with respect to exculpation and indemnification that are at least as favorable to the Indemnified Parties as those contained in the Certificate of Incorporation and Bylaws of Launch as in effect on the date hereof, which provisions will not be amended, repealed or otherwise modified for a period of six years from the Effective Time in any manner that would adversely affect the rights thereunder of individuals who, immediately prior to the Effective Time, were directors, officers, employees or agents of Launch, unless such modification is required by law.

(b) For a period of six years after the Effective Time, Yahoo! will cause the Surviving Corporation to use its commercially reasonable efforts to maintain in effect, if available, directors' and officers' liability insurance covering those persons who are currently covered by Launch's directors' and officers' liability insurance policy on terms comparable to those applicable to the current directors and officers of Launch; *provided, however*, that if the aggregate annual premiums for such insurance at any time during such period exceed 150% of the annual premium currently paid by Launch for such coverage (the "**Current Annual Premium Amount**"), then Yahoo! or the Surviving Corporation will provide the maximum coverage then available at 150% of the Current Annual Premium Amount. The Current Annual Premium Amount is set forth on Schedule 6.9 of the Launch Disclosure Schedules.

(c) This Section 6.9 shall survive the consummation of the Merger, is intended to benefit Launch, the Surviving Corporation and each indemnified party, shall be binding on all successors and assigns of the Surviving Corporation and Yahoo!, and shall be enforceable by the indemnified parties. The provisions of this Section 6.9 are intended to be for the benefit o, and will be enforceable by, each indemnified party, his or her heirs, and his or her representatives and are in addition, to, and not in substitution for, any other rights to indemnification or contribution that any such person may have by contract or otherwise.

6.10 *Interim Directors.* Pursuant to Section 1.3(b), Launch shall use its reasonable best efforts to cause a sufficient number of its current directors to continue as Independent Directors of Launch until the Effective Time.

6.11 *Option to Acquire Additional Shares.*

(a) Launch hereby grants to Yahoo! and Purchaser an irrevocable option (the "**Purchaser Option**") to purchase up to that number of newly issued shares of Launch Common Stock (the "**Purchaser Option Shares**") equal to the number of shares of Launch Common Stock that, when added to the number of shares of Launch Common Stock owned by Yahoo!, Purchaser and the other direct and indirect wholly owned subsidiaries of Yahoo! immediately following the consummation of the Offer, shall constitute one share more than ninety percent (90%) of the shares of Launch Common Stock then outstanding on a fully diluted basis (after giving effect to the issuance of the Purchaser Option Shares) for a consideration per Purchaser Option Share equal to the Offer Price.

(b) Such Purchaser Option shall be exercisable only after the purchase of and payment for shares of Launch Common Stock pursuant to the Offer by Yahoo! or Purchaser as a result of which Yahoo!, Purchaser and the other direct and indirect wholly owned subsidiaries of Yahoo! own at least seventy-five percent (75%) of the outstanding shares of Launch Common Stock. Such Purchaser Option shall not be exercisable if the number of shares of Launch Common Stock subject thereto exceeds the number of authorized shares of Launch Common Stock available for issuance.

(c) In the event Yahoo! and Purchaser wish to exercise the Purchaser Option, Purchaser shall give Launch one day's prior written notice specifying the number of shares of Launch Common Stock that are or will be owned by Yahoo!, Purchaser and the other direct and indirect wholly owned subsidiaries of Yahoo! immediately following the consummation of the Offer and specifying a place and a time for the closing of such purchase. Launch shall, as soon as practicable following receipt of such notice, deliver written notice to Yahoo! and Purchaser specifying the number of Purchaser Option Shares. At the closing of the purchase of the Purchaser Option Shares, the portion of the purchase price owing upon exercise of such Purchaser Option which equals the product of (x) the number of shares of Launch Common Stock purchased pursuant to such Purchaser Option, *multiplied by* (y) the Offer Price, shall be paid to Launch in cash by wire transfer or cashier's check.

ARTICLE VII

CONDITIONS

7.1 *Conditions to Obligations of Each Party to Effect the Merger.* The respective obligations of each party to this Agreement to effect the Merger shall be subject to the satisfaction at or prior to the Closing Date of the following conditions:

(a) *Stockholder Approval.* The Merger and this Agreement shall have been approved and adopted by the requisite vote of the holders of the Shares, to the extent required pursuant to the requirements of the Certificate of Incorporation and Delaware Law.

(b) *Statutes; Court Orders.* No statute, rule or regulation shall have been enacted or promulgated by any Governmental Entity which prohibits the consummation of the Merger, and there shall be no order or injunction of a court of competent jurisdiction in effect preventing consummation of the Merger.

(c) *Purchase of Shares in Offer.* Purchaser shall have purchased, or caused to be purchased, all Shares validly tendered in the Offer and not withdrawn; *provided, however,* that this condition

shall be deemed to have been satisfied with respect to the obligation of Yahoo! and Purchaser to effect the Merger if Purchaser fails to accept for payment or pay for Shares validly tendered pursuant to the Offer in violation of the terms of the Offer or of this Agreement.

ARTICLE VIII

TERMINATION, AMENDMENT AND WAIVER

8.1 *Termination.* This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time before the Effective Time, whether before or after stockholder approval thereof:

(a) By mutual written consent of Yahoo! and Launch duly authorized by the Board of Directors of Yahoo! and Launch; or

(b) By either Yahoo! or Launch if a court of competent jurisdiction or other Governmental Entity shall have issued an order, decree or ruling or taken any other action, in each case permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement or the Stockholders Agreement; or

(c) By Yahoo! if due to an occurrence or circumstance that would result in a failure to satisfy any condition set forth in Annex I hereto, Purchaser shall have (i) failed to commence the Offer within 10 business days following the date of this Agreement, (ii) terminated the Offer without having accepted any Shares for payment thereunder or (iii) failed to accept Shares for payment pursuant to the Offer within 90 days following commencement of the Offer, unless such action or inaction under clauses (i), (ii) or (iii) shall have been caused by or resulted from the failure of Yahoo! or Purchaser to perform, in any material respect, any of their material covenants or agreements contained in this Agreement, or the material breach by Yahoo! or Purchaser of any of their material representations or warranties contained in this Agreement.

(d) By Launch if Purchaser shall have (i) failed to commence the Offer within 10 business days following the date of this Agreement, (ii) terminated the Offer without having accepted any Shares for payment thereunder or (iii) failed to accept Shares for payment pursuant to the Offer within 90 days following commencement of the Offer, unless such action or inaction under clauses (i), (ii) or (iii) shall have been caused by or resulted from the failure of Launch to perform, in any material respect, any of its material covenants or agreements contained in this Agreement, or the material breach by Launch of any of its material representations or warranties contained in this Agreement.

(e) By Yahoo!, at any time prior to the purchase of the Shares pursuant to the Offer, if (i) Launch's Board of Directors shall have withdrawn, modified, or changed its recommendation in respect of this Agreement or the Offer in a manner adverse to the transactions contemplated by this Agreement, to the Yahoo! or to Purchaser, (ii) Launch's Board of Directors shall have recommended any proposal other than by Yahoo! or Purchaser in respect of an Acquisition Proposal, (iii) Launch shall have exercised a right with respect to a Superior Proposal referenced in Section 5.2(b) and shall, directly or through its representatives, continue discussions with any third party concerning a Superior Proposal for more than ten days after the date of receipt of such Superior Proposal, (iv) an Acquisition Proposal shall have been commenced, publicly proposed or communicated to Launch or its stockholders and Launch shall not have rejected such proposal within ten business days of its receipt or, if sooner, within ten business days of the date its existence first becomes publicly disclosed, or (v) Launch shall have violated or breached any of its obligations under Section 5.2 in any material respect; or

(f) By Launch pursuant to Section 5.2(d).

8.2 *Effect of Termination.*

(a) In the event of the termination of this Agreement as provided in Section 8.1, written notice thereof shall forthwith be given to the other party or parties specifying the provision hereof pursuant to which such termination is made, and this Agreement shall forthwith become null and void and there shall be no liability on the part of Yahoo!, Purchaser or Launch, except (i) as set forth in this Section 8.2 and (ii) nothing herein shall relieve any party from liability for any breach of this Agreement.

(b) If (i) Yahoo! shall have terminated this Agreement pursuant to Section 8.1(e), or (ii) Launch shall have terminated this Agreement pursuant to Section 8.1(f), then Launch shall pay to Yahoo! a termination fee (the "**Termination Fee**") of $480,000. Payment of Termination Fee shall be a condition to the effectiveness of a termination by Launch pursuant to Section 8.1(f). In the case of a termination by Yahoo! pursuant to Section 8.1(e), such Termination Fee shall be due and payable promptly, but in no event later than two business days after such termination.

(c) If each of the following shall occur: (i) Yahoo! shall have terminated this Agreement pursuant to Section 8.1(c) (but only if such termination is the result of the failure of the Minimum Condition or the occurrence of an event set forth in subsections (d) or (f) of Annex I hereto); (ii) following the date hereof but prior to such termination an Acquisition Proposal shall have been commenced, publicly proposed or communicated to Launch or its stockholders; and (iii) within nine months following such termination of this Agreement, Launch shall have entered into an Acquisition Agreement with respect to an Acquisition Proposal or shall have consummated the transaction contemplated by an Acquisition Proposal, then immediately upon the occurrence of the first to occur of the events identified in clause (iii) Launch shall pay to Yahoo! the Termination Fee.

(d) All amounts payable under this Section 8.2 shall be payable by cashier's check or wire transfer to such account as Yahoo! may designate in writing to Launch. Launch shall not withhold any United States withholding taxes on any payment under this Section 8.2.

8.3 *Fees and Expenses.* All fees and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses whether or not the Merger is consummated; *provided, however,* that Yahoo! and Launch shall share equally all fees and expenses, other than attorneys' and accountants fees and expenses, incurred in relation to the printing and filing with the SEC of the Offering Documents, 14D-9 and Proxy Statement (including any preliminary materials related thereto) and any amendments or supplements thereto.

8.4 *Amendment.* Subject to applicable law, this Agreement may be amended by the parties hereto at any time by execution of an instrument in writing signed on behalf of each of Yahoo!, Purchaser and Launch.

8.5 *Extension; Waiver.* At any time prior to the Effective Time any party hereto may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties made to such party contained herein or in any document delivered pursuant hereto, and (iii) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party. Delay in exercising any right under this Agreement shall not constitute a waiver of such right.

ARTICLE IX

GENERAL PROVISIONS

9.1 *Non-Survival of Representations and Warranties.* The representations and warranties of Launch, Yahoo! and Purchaser contained in this Agreement shall terminate at the Effective Time, and only the covenants that by their terms survive the Effective Time shall survive the Effective Time.

9.2 *Notices.* All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by commercial delivery service, or sent via telecopy (receipt confirmed) to the parties at the following addresses or telecopy numbers (or at such other address or telecopy numbers for a party as shall be specified by like notice):

(a) if to Yahoo! or Purchaser:

Yahoo! Inc.
701 First Avenue
Sunnyvale, California 94089
Attention: Vice President, Corporate Development
Telephone No.: (408) 349-3300
Telecopy No.: (408) 349-3301

with a copy at the same address to the attention of the General Counsel and Secretary and with a copy to:

Venture Law Group
A Professional Corporation
2800 Sand Hill Road
Menlo Park, California
94025 Attention: Steven J. Tonsfeldt
Telephone No.: (650) 854-4488
Telecopy No.: (650) 233-8386

(b) if to Launch:

Launch Media, Inc.
2700 Pennsylvania Avenue
Santa Monica, California 90404
Attention: Chief Executive Officer
Telephone No.: (310) 526-4300
Telecopy No.: (310) 526-4401

with a copy to:
Gray Cary Ware & Freidenrich
400 Hamilton Avenue
Palo Alto, CA 94301
Attention: James M. Koshland
Telephone No.: (650) 833-2000
Telecopy No.: (650) 327-3699

9.3 *Interpretation; Certain Defined Terms.*

(a) When a reference is made in this Agreement to Exhibits, such reference shall be to an Exhibit to this Agreement unless otherwise indicated. When a reference is made in this Agreement to Sections, such reference shall be to a Section of this Agreement unless otherwise indicated. The words "**include**," "**includes**" and "**including**" when used herein shall be deemed in each case to be followed by the words "**without limitations**." The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. When reference is made herein to "**the business of**" an entity, such reference shall be deemed to include the business of all direct and indirect subsidiaries of such entity. Reference to the subsidiaries of an entity shall be deemed to include all direct and indirect subsidiaries of such entity.

(b) For purposes of this Agreement the term "**knowledge**" means with respect to a party hereto, with respect to any matter in question, that any of the executive officers of such party has actual knowledge of such matter.

(c) For purposes of this Agreement, the term "**person**" shall mean any individual, corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization, entity or Governmental Entity.

(d) For purposes of this Agreement, "**subsidiary**" of a specified entity will be any corporation, partnership, limited liability company, joint venture or other legal entity of which the specified entity (either alone or through or together with any other subsidiary) owns, directly or indirectly, fifty percent (50%) or more of the stock or other equity or partnership interests the holders of which are generally entitled to vote for the election of the Board of Directors or other governing body of such corporation or other legal entity.

9.4 *Counterparts.* This Agreement may be executed in one or more counterparts, and by facsimile, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that all parties need not sign the same counterpart.

9.5 *Entire Agreement; Third Party Beneficiaries.* This Agreement and the documents and instruments and other agreements among the parties hereto as contemplated by or referred to herein, including the Launch Disclosure Schedules and the Yahoo! Disclosure Schedules (a) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, it being understood that the Confidentiality Agreement shall continue in full force and effect until the Closing and shall survive any termination of this Agreement; and (b) are not intended to confer upon any other person any rights or remedies hereunder, except as specifically provided in Section 6.9.

9.6 *Severability.* In the event that any provision of this Agreement or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

9.7 *Other Remedies; Specific Performance.* Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of

any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

9.8 *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of law thereof.

9.9 *Rules of Construction.* The parties hereto agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

9.10 *Assignment.* No party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other parties. Any attempt to make any such assignment without such consent shall be null and void. Subject to the preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

9.11 *No Waiver; Remedies Cumulative.* No failure or delay on the part of any party hereto in the exercise of any right hereunder will impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty or agreement herein, nor will any single or partial exercise of any such right preclude other or further exercise thereof or of any other right. All rights and remedies existing under this Agreement are cumulative to, and not exclusive to, and not exclusive of, any rights or remedies otherwise available.

9.12 *Waiver of Jury Trial.* EACH OF YAHOO!, ROCKET AND PURCHASER HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF YAHOO!, ROCKET OR PURCHASER IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF.

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized respective officers as of the date first written above.

YAHOO! INC.

By: /s/ JEFFREY MALLETT

Name: Jeffrey Mallett
Title: *President & COO*

JEWEL ACQUISITION CORPORATION

By: /s/ JEFFREY MALLETT

Name: Jeffrey Mallett
Title: *President*

LAUNCH MEDIA, INC.

By: /s/ ROBERT D. ROBACK

Name: Robert D. Roback
Title: *President*

ANNEX I

Notwithstanding any other provisions of the Offer, and in addition to (and not in limitation of) Purchaser's rights to extend and amend the Offer at any time in its sole discretion (subject to the provisions of the Merger Agreement), Purchaser shall not be required to accept for payment or, subject to any applicable rules and regulations of the SEC, including Rule 14e-1(c) under the Exchange Act (relating to Purchaser's obligation to pay for or return tendered Shares promptly after termination or withdrawal of the Offer), pay for, and may delay the acceptance for payment of or, subject to the restriction referred to above, the payment for, any validly tendered Shares unless the Minimum Condition shall have been satisfied. Furthermore, notwithstanding any other provisions of the Offer, Purchaser shall not be required to accept for payment or pay for any validly tendered Shares if, at the scheduled expiration date any of the following events shall occur and be continuing:

(a) there shall be threatened or pending any suit, action or proceeding by any Governmental Entity against Purchaser, Yahoo!, Launch or any Launch subsidiary (i) seeking to prohibit or impose any material limitations on Yahoo!'s or Purchaser's ownership or operation (or that of any of their respective subsidiaries or affiliates) of all or any portion of their or Launch's and Launch subsidiaries' businesses or assets, taken as a whole, or to compel Yahoo! or Purchaser or their respective subsidiaries and affiliates to dispose of or hold separate any material portion of the business or assets of Launch or Yahoo! and their respective subsidiaries, in each case taken as a whole, (ii) challenging the acquisition by Yahoo! or Purchaser of any Shares under the Offer, seeking to restrain or prohibit the making or consummation of the Offer or the Merger or the performance of any of the other transactions contemplated by this Agreement, or seeking to obtain from Launch, Yahoo! or Purchaser any damages that are material in relation to Launch and Launch's subsidiaries taken as a whole, (iii) seeking to impose material limitations on the ability of Purchaser, or render Purchaser unable, to accept for payment, pay for or purchase some or all of the Shares pursuant to the Offer and the Merger, or (iv) seeking to impose material limitations on the ability of Purchaser or Yahoo! effectively to exercise full rights of ownership of the Shares, including, without limitation, the right to vote the Shares purchased by it on all matters properly presented to Launch's stockholders;

(b) there shall be any statute, rule, regulation, judgment, order or injunction enacted, entered, enforced, promulgated or deemed applicable, pursuant to an authoritative interpretation by or on behalf of a Government Entity, to the Offer or the Merger, or any other action shall be taken by any Governmental Entity, that is reasonably likely to result, directly or indirectly, in any of the consequences referred to in clauses (i) through (iv) of paragraph (a) above;

(c) there shall have occurred (i) any general suspension of trading in, or limitation on prices for, securities on the New York Stock Exchange, the American Stock Exchange or the Nasdaq Stock Market for a period in excess of three hours (excluding suspensions or limitations resulting solely from physical damage or interference with such exchanges not related to market conditions), (ii) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States (whether or not mandatory), (iii) a commencement of a war, armed hostilities or other international or national calamity directly or indirectly involving the United States, (iv) any limitation (whether or not mandatory) by any Governmental Entity on the extension of credit generally by banks or other financial institutions;

(d) any of the representations and warranties of Launch contained in this Agreement shall not be true and correct in all material respects as of the date of such determination, except for representations and warranties that relate to a specific date or time (which need only be true and correct in all material respects as of such date or time); provided, however, that except with respect to a willful breach of any representation and warranties by Launch (in which case this proviso shall not apply), the condition contained in this paragraph (d) shall not be deemed to have

failed unless Launch fails to cure such breach within ten (10) days after receiving written notice of same from Purchaser or Yahoo! and the failure of any such representations or warranties, whether individually or in the aggregate, has resulted in a Material Adverse Effect on Launch;

(e) Launch's Board of Directors or any committee thereof shall have (i) withdrawn, or modified or changed in a manner adverse to the transactions contemplated by this Agreement, to the Yahoo! or to Purchaser (including by amendment of the Schedule 14D-9), its recommendation of the Offer, the Merger Agreement, or the Merger, (ii) recommended any Acquisition Proposal, (iii) resolved to do any of the foregoing or (iv) taken a neutral position or made no recommendation with respect to another proposal or offer (other than by Yahoo! or Purchaser) after 10 business days following receipt thereof has elapsed;

(f) Launch shall have materially breached or failed, in any material respect, to perform or to comply with any material agreement or material covenant to be performed or complied with by it under this Agreement; provided, however, that the condition contained in this paragraph (f) shall not be deemed to have failed if (i) such breach is curable and (ii) Launch has cured such breach within ten (10) days after receiving written notice of same from Purchaser or Yahoo!;

(g) Purchaser shall have failed to receive a certificate executed by Launch's Chief Executive Officer or President of Launch on behalf of Launch, dated as of the scheduled expiration of the Offer, to the effect that the conditions set forth in paragraphs (d), (e), (f) and (i) of this Annex I have not occurred;

(h) the fees and expenses paid or payable to Launch's financial, legal and accounting advisors for services performed and to be performed in connection with the transactions contemplated by this Agreement (including, without limitation, the Merger) shall exceed $2,700,000 in the aggregate;

(i) UMG shall have exercised its rescission right under Section 2.C. of the UMG Letter Agreement, or any event or circumstance shall have occurred or failed to occur that would give UMG the right under such Section 2.C. to exercise such rescission right and the ten-business day period for the exercise of such right by UMG shall not have lapsed or expired (provided that this condition shall be deemed waived in the event that the rescission of the the UMG Letter Agreement or the event or circumstance giving rise to the right of UMG to exercise such rescission right shall have been the direct result of or proximately caused by an action taken by Launch at the express direction of or with the express written consent of Yahoo! or Purchaser or a failure to take an action by Launch at the express direction of or with the express written consent of Yahoo! or Purchaser);or

(j) the Merger Agreement shall have been terminated in accordance with its terms.

The foregoing conditions are for the sole benefit of Yahoo! and Purchaser, may be asserted by Yahoo! or Purchaser regardless of the circumstances giving rise to such condition, and may be waived by Yahoo! or Purchaser in whole or in part at any time and from time to time and in the sole discretion of Yahoo! or Purchaser, subject in each case to the terms of this Agreement. The failure by Yahoo! or Purchaser at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and, each such right shall be deemed an ongoing right which may be asserted at any time and from time to time.

The capitalized terms used in this Annex I shall have the meanings set forth in the Agreement to which it is annexed, except that the term "Merger Agreement" shall be deemed to refer to the Agreement to which this Annex I is annexed.

QuickLinks

STOCKHOLDERS AGREEMENT

THIS STOCKHOLDERS AGREEMENT (this "*Agreement*"), is entered into as of June 27, 2001, by and among Yahoo! Inc., a Delaware corporation ("*Parent*"), Jewel Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Parent ("*Purchaser*"), and certain stockholders of Launch Media, Inc., a Delaware corporation ("*Launch*") set forth on Schedule 1 hereto (each a "*Stockholder*" and collectively, the "*Stockholders*").

A. Each Stockholder is, as of the date hereof, the record and beneficial owner of the number of shares of common stock, par value $0.001 (the "*Launch Common Stock*"), of Launch, set forth opposite the name of such Stockholder on *Schedule 1* hereto;

B. Parent, Purchaser and Launch have entered into an Agreement and Plan of Merger, dated as of the date hereof (the "*Merger Agreement*"), which provides, among other things, for Purchaser to conduct a tender offer for all of the issued and outstanding shares of the Launch Common Stock (the "*Offer*") and the merger of Purchaser with and into Launch with Launch continuing as the surviving corporation (the "*Merger*") upon the terms and subject to the conditions set forth in the Merger Agreement (capitalized terms used herein without definition shall have the respective meanings specified in the Merger Agreement); and

C. As a condition to the willingness of Parent and Purchaser to enter into the Merger Agreement and as an inducement and in consideration therefor, the Stockholders have agreed to enter into this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein and in the Merger Agreement, and intending to be legally bound hereby, the parties hereto agree as follows:

Section 1. *Representations and Warranties of the Stockholders.* Each Stockholder hereby represents and warrants to Parent and Purchaser, severally and not jointly, as follows:

(a) Such Stockholder is the record and beneficial owner of the shares of Launch Common Stock set forth opposite his or its name on Schedule 1 to this Agreement (such shares of Launch Common Stock, together with any Launch Common Stock acquired by the Stockholder after the date of this Agreement, whether upon the exercise of options to purchase Launch Common Stock or otherwise, all as may be adjusted from time to time pursuant to Section 7 hereof, the "*Shares*"). *Schedule 1* lists separately all options issued to such Stockholder.

(b) Such Stockholder has the legal capacity to execute and deliver this Agreement and to consummate the transactions contemplated hereby.

(c) This Agreement has been validly executed and delivered by such Stockholder and constitutes the legal, valid and binding obligation of such Stockholder, enforceable against such Stockholder in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and (ii) the availability of the remedy of specific performance or injunctive or other forms of equitable relief may be subject to equitable defenses and would be subject to the discretion of the court before which any proceeding therefor may be brought.

(d) Neither the execution and delivery of this Agreement nor the consummation by such Stockholder of the transactions contemplated hereby will result in a violation of, or a default under, or conflict with, any contract, trust, commitment, agreement, understanding, arrangement or restriction of any kind to which such Stockholder is a party or by which such Stockholder or his assets are bound. The consummation by such Stockholder of the transactions contemplated hereby will not violate, or require any consent, approval, or notice under, any provision of any judgment, order, decree, statute, law, rule or regulation applicable to such Stockholder.

(e) In the case of any Stockholder that is a corporation, limited partnership or limited liability company, such stockholder is an entity duly organized and validly existing under the laws of the jurisdiction in which it is incorporated or constituted, and each such Stockholder has all requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby, and has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement.

(f) The Shares owned by such Stockholder are now, and at all times during the term hereof will be, held by such Stockholder, or by a nominee or custodian for the benefit of such Stockholder, free and clear of all liens, claims, security interests, proxies, voting trusts or agreements, options, rights, understandings or arrangements or any other encumbrances whatsoever on title, transfer, or exercise of any rights of a stockholder in respect of such Shares (collectively, "*Encumbrances*"), except for any such Encumbrances arising hereunder.

Section 2. *Representations and Warranties of Parent and Purchaser.* Each of Parent and Purchaser hereby, jointly and severally, represents and warrants to the Stockholders as follows:

(a) Parent is a corporation duly organized and validly existing under the laws of the State of Delaware, Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and each of Parent and Purchaser has all requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby, and has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement.

(b) This Agreement has been duly authorized, executed and delivered by each of Parent and Purchaser, and constitutes the legal, valid and binding obligation of each of Parent and Purchaser, enforceable against each of them in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) the availability of the remedy of specific performance or injunctive or other forms of equitable relief may be subject to equitable defenses and would be subject to the discretion of the court before which any proceeding therefor may be brought.

Section 3. *Tender of the Shares.* Each Stockholder hereby agrees that (a) he or it shall tender his or its Shares into the Offer as promptly as practicable, and in any event no later than the fifth business day, following the commencement of the Offer pursuant to Section 1.1 of the Merger Agreement, and (b) he or it shall

not withdraw any Shares so tendered unless the Offer is terminated or has expired without Purchaser purchasing all shares of Launch Common Stock validly tendered in the Offer.

Section 4. *Transfer of the Shares.*

(a) Prior to the termination of this Agreement, none of the Stockholders shall: (i) transfer, assign, sell, gift-over, pledge or otherwise dispose of, or consent to any of the foregoing ("*Transfer*"), any or all of the Shares or any right or interest therein; (ii) enter into any contract, option or other agreement, arrangement or understanding with respect to any Transfer; (iii) grant any proxy, power-of-attorney or other authorization or consent with respect to any of the Shares; (iv) deposit any of the Shares into a voting trust, or enter into a voting agreement or arrangement with respect to any of the Shares or (v) take any other action that would in any way restrict, limit or interfere with the performance of such Stockholder's obligations hereunder or the transactions contemplated hereby.

(b) Each Stockholder agrees to surrender to Launch, or to the transfer agent for Launch, certificates evidencing the Shares, and shall cause Launch or the transfer agent for Launch to place the following legend on any and all certificates evidencing the Shares:

THE SHARES OF ROCKET COMMON STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER PURSUANT TO THAT CERTAIN STOCKHOLDERS AGREEMENT, DATED AS OF JUNE 27, 2001, BY AND AMONG PARENT INC., ROCKET ACQUISITION CORPORATION AND CERTAIN STOCKHOLDERS OF ROCKET, INC. ANY TRANSFER OF SUCH SHARES OF ROCKET COMMON STOCK IN VIOLATION OF THE TERMS AND PROVISIONS OF SUCH AGREEMENT SHALL BE NULL AND VOID AND OF NO EFFECT WHATSOEVER.

Section 5. *Voting Arrangements.*

(a) Each Stockholder agrees that, during the time this Agreement is in effect, at any meeting of the stockholders of Launch (a "*Launch Stockholders' Meeting*"), however called, and at every adjournment or postponement thereof, he, she or it shall (i) appear at the meeting or otherwise cause his, her or its Shares, to be counted as present thereat for purposes of establishing a quorum, (ii) vote, or execute consents in respect of, his, her or its Shares, or cause his, her or its Shares to be voted, or consents to be executed in respect thereof, in favor of the approval and adoption of the Merger Agreement (including any revised or amended Merger Agreement approved by the board of directors of Launch), and any action required in furtherance thereof and (iii) vote, or execute consents in respect of, his, her or its Shares, or cause his, her or its Shares to be voted, or consents to be executed in respect thereof, against (A) any agreement or transaction relating to any (I) acquisition or purchase from Launch by any person or "group" (as defined under Section 13(d) of the Securities Exchange Act of 1934, as amended ("*Exchange Act*") and the rules and regulations thereunder) of more than a 15% interest in the total outstanding voting securities of Launch or any of its subsidiaries or any tender offer or exchange offer that if consummated would result in any person or "group" (as defined under Section 13(d) of the Exchange Act and the rules and regulations thereunder) beneficially owning 15% or more of the total outstanding voting securities of Launch or any of its subsidiaries or any merger, consolidation, business combination or similar transaction involving Launch pursuant to which the stockholders of Launch immediately preceding such transaction hold less than 85% of the equity interests in the surviving or resulting entity of such transaction; (II) any sale, lease (other than in the ordinary course of business), exchange, transfer, license (other than in the ordinary course of business), acquisition or disposition of more than 50% of the assets of Launch; or (III) any liquidation or dissolution of Launch (each, an "*Acquisition Proposal*") or transaction or occurrence that if proposed and offered to Launch or its stockholders (or any of them) would constitute an Acquisition Proposal (collectively, "*Alternative Transactions*") or (B) any amendment of Launch's Certificate of Incorporation or By-laws or other proposal, action or transaction involving Launch or any of its Subsidiaries or any of its stockholders, which amendment or other proposal, action or transaction could reasonably be expected to prevent or materially impede or delay the consummation of the Merger or the other transactions contemplated by the Merger Agreement or the consummation of the transactions contemplated by this Agreement or to deprive Parent of any material portion of the benefits anticipated by Parent to be received from the consummation of the Merger or the other transactions contemplated by the Merger Agreement or this Agreement, or change in any manner the voting rights of Launch Common Stock (collectively, "*Frustrating Transactions*") presented to the Stockholders of Launch (regardless of any recommendation of the Board of Directors of Launch) or in respect of which vote or consent of the Stockholder is requested or sought.

(b) *Irrevocable Proxy.* As security for the Stockholders' obligations under Section 5(a), each of the Stockholders hereby irrevocably constitutes and appoints Parent as his, her or its attorney and

proxy in accordance with Delaware General Corporation Law ("*DGCL*"), with full power of substitution and resubstitution, to cause the Stockholder's shares to be counted as present at any Launch Stockholders Meetings to vote his, her or its Shares at any Launch Stockholders' Meeting, however called, and execute consents in respect of his, her or its shares as and to the extent provided in Section 5(a). THIS PROXY AND POWER OF ATTORNEY IS IRREVOCABLE AND COUPLED WITH AN INTEREST. Each Stockholder hereby revokes all other proxies and powers of attorney with respect to his, her or its Shares that he, she or it may have heretofore appointed or granted, and no subsequent proxy or power of attorney shall be granted.

(c) Each Stockholder represents that any proxies heretofore given in respect of the Shares, if any, are revocable, and hereby revokes such proxies.

(d) Each Stockholder hereby affirms that the irrevocable proxy set forth in this Section 5 is given in connection with the execution of the Merger Agreement, and that such irrevocable proxy is given to secure the performance of the duties of such Stockholder under this Agreement. Such Stockholder hereby further affirms that the irrevocable proxy is coupled with an interest and, except as set forth in this Section or in Section 10, is intended to be irrevocable in accordance with the provisions of Section 212 of the DGCL. If for any reason the proxy granted herein is not irrevocable, then such Stockholder agrees to vote his or its Shares in accordance with Section 5(a) above as instructed by Parent in writing. The parties agree that the foregoing is a voting agreement created under Section 218 of the DGCL.

Section 6. *Option.*

(a) Subject to the terms and conditions set forth herein, each Stockholder hereby grants to Parent an irrevocable and continuing option (the "*Option*") to purchase for cash all, but not less than all, of the Launch Common Stock (including, without limitation, the Shares) beneficially owned or controlled by such Stockholder as of the date hereof, or beneficially owned or controlled by such Stockholder at any time hereafter (including, without limitation, shares

acquired by way of exercise of options, warrants or other rights to purchase Launch Common Stock or by way of dividend, distribution, exchange, merger, consolidation, recapitalization, reorganization, stock split, grant of proxy or otherwise) by such Stockholder (as adjusted as set forth herein) (the "*Option Shares*") at a purchase price equal to $0.92, or any higher purchase price per share paid or to be paid by Parent or Purchaser pursuant to the Offer (as defined in the Merger Agreement) or the Merger, but excluding any price paid to any stockholder who shall exercise dissenters' rights in connection with the Merger (the "*Purchase Price*").

(b) The Option may be exercised by Parent, in whole or in part, if after the date hereof (i) any of the events described in Section 8.1(e) of the Merger Agreement that would allow Parent to terminate the Merger Agreement (but without the necessity of Parent having terminated the Merger Agreement) shall have occurred (a termination of the Merger Agreement by Parent in such circumstances, a "*Section 8.1(e) Termination*"); or (ii) any termination of the Merger Agreement by Launch pursuant to Section 8.1(f) thereof shall have occurred (a termination of the Merger Agreement by Launch in such circumstances, a "*Section 8.1(f) Termination*"); or (iii) any termination of the Merger Agreement by Parent pursuant to Section 8.1(c) thereof shall have occurred (but only by reason of the failure of the Minimum Condition or the the occurrence of any event set forth at paragraphs (d) or (f) of Annex I to the Merger Agreement) and following the date hereof and prior to such termination an Acquisition Proposal shall have been commenced, publicly proposed or communicated to Launch or its stockholders (a termination of the Merger Agreement by parent in such circumstances, a "*Qualifying Section 8.1(c) Termination*"). In addition, the Option may be exercised by Parent, in whole or in part, immediately following the consummation of the Offer with respect to the Shares owned by any Stockholder who shall fail to tender such Stockholder's Shares in accordance with Section 3 hereof.

(c) In the event that Parent wishes to exercise the Option, it shall send to the Stockholder a written notice (the date of each such notice being herein referred to as a "*Notice Date*") setting forth its irrevocable election to that effect, which notice also specifies a date not earlier than three business days nor later than 30 business days from the Notice Date for the closing of such purchase (an "*Option Closing Date*"); provided, however, that (i) if the closing of a purchase and sale pursuant to the Option (an "*Option Closing*") cannot be consummated by reason of any applicable judgment, decree, order, law or regulation, the period of time that otherwise would run pursuant to this sentence shall run instead from the date on which the restriction on consummation has expired or been terminated and (ii) without limiting the foregoing, if prior notification to or approval of any regulatory authority is required in connection with the purchase, Parent and the Stockholder shall promptly file the required notice or application for approval and shall cooperate in the expeditious filing of such notice or application, and the period of time that otherwise would run pursuant to this sentence shall run instead from the date on which, as the case may be, (A) any required notification period has expired or been terminated or (B) any required approval has been obtained, and in either event, any requisite waiting period has expired or been terminated. Each of Parent and the Stockholder agrees to use commercially reasonable efforts to cooperate with and provide information to the other, for the purpose of any required notice or application for approval. Any exercise of the Option shall be deemed to occur on the Notice Date relating thereto. The place of any Option Closing shall be at the offices of Parent, which address is set forth in the Merger Agreement, and the time of the Option Closing shall be 10:00 a.m. (California time) on the applicable Option Closing Date.

(d) At any Option Closing, Parent shall pay to the Stockholder in immediately available funds by check or wire transfer to a bank account designated in writing by the Stockholder an amount equal to the Purchase Price multiplied by the number of Shares being delivered by the Stockholder; provided, that, with respect to any wire transfer, failure or refusal of the Stockholder to designate a bank account shall not preclude Parent from exercising the Option, in whole or in part.

(e) At any Option Closing, simultaneously with the delivery of immediately available funds as provided above, the Stockholder shall deliver to Parent a certificate or certificates representing its Shares to be purchased at such Option Closing, which Shares shall be free and clear of all liens, claims, charges and encumbrances of any kind whatsoever.

(f) In the event of any change in Launch Common Stock by reason of a stock dividend, split-up, merger, recapitalization, combination, exchange of shares or similar transaction, the type and number of Shares subject to the Option, and the Purchase Price therefor, shall be adjusted appropriately, so that Parent shall receive upon exercise of the Option the number and class of shares or other securities or property that Parent would have received in respect of the Option Shares if the Option had been exercised immediately prior to such event or the record date therefor, as applicable.

Section 7. *Certain Events.*

(a) In the event of any change in the Launch Common Stock or Option by reason of a stock dividend, stock split, split-up, recapitalization, reorganization, business combination, consolidation, exchange of shares, or any similar transaction or other change in the capital structure of Launch affecting the Launch Common Stock or the acquisition of additional shares of Launch Common Stock or other securities or rights of Launch by any Stockholder (whether through the exercise of any options, warrants or other rights to purchase shares of Launch Common Stock or otherwise): (a) the number of Shares owned by such Stockholder shall be adjusted appropriately, (b) the type and number of shares or securities subject to the Option, and the Purchase Price therefor, shall be adjusted appropriately, and (c) this Agreement and the obligations hereunder shall attach to any

additional shares of Launch Common Stock or other securities or rights of Launch issued to or acquired by each of the Stockholders.

(b) In the event that Launch shall (A) enter into an agreement to consolidate with or merge into any person, other than Parent or one of Parent's subsidiaries, and shall not be the continuing or surviving corporation of such consolidation or merger, or (B) enter into an agreement to permit any person, other than Parent or one of Parent's subsidiaries, to merge into Launch and Launch shall be the continuing or surviving corporation, but, in connection with such merger, the Launch Common Stock then outstanding shall be changed into or exchanged for stock or other securities of Launch or any other person or cash or any other property or (C) liquidate, then, in the case of any of (A), (B) and (C), Parent shall thereafter be entitled to receive upon exercise of the Option the securities or properties to which a holder of the number of Option Shares then deliverable upon the exercise thereof will have been entitled to receive upon such consolidation, merger or liquidation, and such Stockholder shall use its best efforts to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be practicable, in relation to any securities or property thereafter deliverable upon exercise of the Option.

Section 8. *Acquisition Proposals; Non-Solicitation.*

(a) *Acquisition Proposals.* Each Stockholder will notify Parent and Purchaser immediately if any proposals are received by, any information is requested from, or any negotiations or discussions are sought to be initiated or continued with such Stockholder, Launch, Launch's officers, directors,

employees, investment bankers, attorneys, accountants or other agents, if any (each, a "*Representative*"), in each case in connection with any Acquisition Proposal indicating, in connection with such notice, the name of the person making such proposal, requesting such information, or seeking to initiate negotiations or discussions with the Stockholder or any officers, directors or agents of Launch that relate to an Acquisition Proposal and the material terms and conditions of any proposals or offers. Such Stockholder will keep Parent and Purchaser fully informed, on a current basis, of the status and terms of any Acquisition Proposal.

(b) *Non-Solicitation.* Each Stockholder agrees that it shall immediately cease and cause to be terminated all existing discussions, negotiations and communications with any persons with respect to any Acquisition Proposal. Such Stockholder shall not and shall not authorize or permit its Representatives to directly or indirectly (i) initiate, solicit or knowingly encourage, or knowingly take any action to facilitate the making of, any offer or proposal which constitutes or is reasonably likely to lead to any Acquisition Proposal, (ii) enter into any agreement with respect to any Acquisition Proposal, or (iii) in the event of an unsolicited Acquisition Proposal for Launch, engage in negotiations or discussions with, or provide any information or data to, any person (other than Parent or any of its affiliates or representatives) relating to any Acquisition Proposal. Any violation of the foregoing restrictions by any of the Stockholders or their respective Representatives, whether or not such Stockholder or Representative is so authorized by Launch or by any other Stockholder and whether or not such Stockholder or Representative is purporting to act on behalf of Launch, any Stockholder or Stockholders or otherwise, shall be deemed to be a breach of this Agreement by each Stockholder. It is understood that this Section 8 limits the rights of each Stockholder only to the extent that such Stockholder is acting in such Stockholder's capacity as a Stockholder. Nothing herein shall be construed as preventing a Stockholder who is an officer or director of Launch from fulfilling the obligations of such office (including, subject to the limitations contained in Sections 5.3(a) and (b) of the Merger Agreement, the performance of obligations required by the fiduciary obligations of such Stockholder acting solely in his or her capacity as an officer or director).

Section 9. *Further Assurances.* Each Stockholder shall, upon request of Parent or Purchaser, execute and deliver any additional documents and take such further actions as may reasonably be

deemed by Parent or Purchaser to be necessary or desirable to carry out the provisions hereof and to vest in Parent the power to vote the Shares as contemplated by Section 5.

Section 10. *Termination.* This Agreement, and all rights and obligations of the parties hereunder, shall terminate immediately upon the earlier of (a) (i) sixty (60) days following a Section 8.1(e) Termination, a Section 8.1(f) Termination or a Qualifying Section 8.1(c) Termination or (ii) contemporaneously with any termination of the Merger Agreement in accordance with its terms that is not a Section 8.1(e) Termination, a Section 8.1(f) Termination or a Qualifying Section 8.1(c) Termination, whichever of clauses (i) and (ii) as shall be applicable or (b) the Effective Time; *provided, however*, that in the event that, prior to the termination of this Agreement pursuant to the terms hereof, Parent has delivered a Notice to any Stockholder pursuant to Section 6(b)(ii), this Agreement shall not terminate until ten business days following the Closing Date specified in such Notice, as such Closing Date may be extended pursuant to Section 6(b)(ii); *provided further, however*, that Sections 9 and 11 shall survive any termination of this Agreement. In the event that Purchaser shall accept and pay for Shares in the Offer without a Stockholder tendering such Stockholder's Shares in accordance with Section 3 hereof, then the Option shall remain exercisable for a period of sixty (60) days following such acceptance for payment, irrespective of any other term of this Agreement.

Section 11. *Expenses.* All fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such fees, costs and expenses.

Section 12. *Public Announcements.* Each of the Stockholders, the Parent and Purchaser agrees that it will not issue any press release or otherwise make any public statement with respect to this Agreement or the transactions contemplated hereby without the prior consent of the other party, which consent shall not be unreasonably withheld or delayed; provided, however, that such disclosure may be made without obtaining such prior consent (a) if (i) the disclosure is required by law or is required by any regulatory authority, including but not limited to the Nasdaq National Stock Market and any other national securities exchange, trading market or inter-dealer quotation system on which the Shares trade and (ii) the party making such disclosure has first used its best efforts to consult with the other parties about the form and substance of such disclosure, or (b) by Parent and Purchaser in accordance with Section 6.7 of the Merger Agreement.

Section 13. *Miscellaneous.*

(a) *Notices*. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (which is confirmed) or sent by a nationally recognized overnight courier service, such as Federal Express (providing proof of delivery), to the

parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to any of the Stockholders, at the address set forth opposite the name of such Stockholder on Schedule 1 hereto:

with a copy to:

and

If to Parent or Purchaser, to:

Yahoo! Inc.
701 First Avenue
Sunnyvale, California 94089
Attention: Vice President, Corporate Development
Telephone No.: 408-349-3795

with a copy to:

Venture Law Group

2800 Sand Hill Road
Menlo park, California 94025
Attention: Steven J. Tonsfeldt
Telephone No: 650-254-4488

(b) *Headings.* The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(c) *Counterparts.* This Agreement may be executed manually or by facsimile by the parties hereto, or xerographically or electronically by their respective attorneys, in any number of counterparts, each of which shall be considered one and the same agreement and shall become effective when a counterpart hereof shall have been signed by each of the parties and delivered to the other parties.

(d) *Entire Agreement.* This Agreement (together with the Merger Agreement and any other documents and instruments referred to herein and therein) constitutes the entire agreement among the parties with respect to the subject matter hereof and thereof and supersedes all other prior agreements and understandings, both written and oral, among the parties or any of them with respect to the subject matter hereof and thereof.

(e) *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law thereof.

(f) *Assignment.* Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties except that Parent and Purchaser may assign, in their sole discretion and without the consent of any other party, any or all of their rights, interests and obligations hereunder to each other or to one or more direct or indirect wholly- owned subsidiaries of Parent (each, an "*Assignee*"). Any such Assignee may thereafter assign, in its sole discretion and without the consent of any other party, any or all of its rights, interests and obligations hereunder to one or more additional Assignees. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by, the parties and their respective successors and assigns, and the provisions of this Agreement are not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

(g) *Severability of Provisions.* If any term or provision of this Agreement is invalid, illegal or incapable of being enforced by rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions are fulfilled to the extent possible.

(h) *Specific Performance.* The parties hereto acknowledge that money damages would be an inadequate remedy for any breach of this Agreement by any party hereto, and that the obligations of the parties hereto shall be enforceable by any party hereto through injunctive or other equitable relief.

(i) *Amendment.* No amendment, modification or waiver in respect of this Agreement shall be effective against any party unless it shall be in writing and signed by such party.

(j) *Binding Nature.* This Agreement is binding upon and is solely for the benefit of the parties hereto and their respective successors, legal representatives and assigns.

(k) *Counterparts.* This Agreement may be executed manually or by facsimile by the parties hereto, or xerographically or electronically by their respective attorneys, in any number of counterparts, each of which shall be considered one and the same agreement and shall become effective when a counterpart hereof shall have been signed by each of the parties hereto and delivered to the other parties hereto.

IN WITNESS WHEREOF, Parent, Purchaser and the Stockholders have caused this Agreement to be duly executed and delivered as of the date first written above.

YAHOO! INC.

By: /s/ JEFFREY MALLETT

Name: Jeffrey Mallett
Title: *President*

JEWEL ACQUISITION CORPORATION

By: /s/ JEFFREY MALLETT

Name: Jeffrey Mallett
Title: *President*

STOCKHOLDER

By: /s/ DAVID B. GOLDBERG

Name: David B. Goldberg
Title: *CEO*

STOCKHOLDER

By: /s/ ROBERT D. ROBACK

Name: Robert D. Roback
Title:

STOCKHOLDER

By: /s/ JEFFREY M. MICKEAL

Name: Jeffrey M. Mckeal
Title: *Chief Financial Officer*

STOCKHOLDER

By: /s/ SPENCER A. MCCLUNG, JR.

Name: Spencer A. McClung, Jr.
Title: *EVP, Advertising & Business Dev.*

STOCKHOLDER

By: /s/ THOMAS HOEGH

Name: Thomas Hoegh
Title: *Managing Director*

STOCKHOLDER

By: /s/ RICHARD A. SNYDER

Name: Richard A. Snyder
Title:

STOCKHOLDER

By: /s/ WARREN LITTLEFIELD

Name: Warren Littlefield
Title: *Director*

STOCKHOLDER

By: /s/ JAMES M. KOSHLAND

Name: James M. Koshland
Title:

STOCKHOLDER
Avalon Technology, LLC
By: Avalon Ventures, LLC, its managing member

By: /s/ CHRISTOPHER L. RIZIK

Name: Christopher L. Rizik
Title: *Member*

STOCKHOLDER
Goron Enterprises Limited

By: /s/ J.M. ROUGET

Name: J.M. Rouget
Title: *Director*

STOCKHOLDER
DIGITAL VENTURES HOLDINGS LIMITED

By: /s/ J.M. ROUGET

Name: J.M. Rouget
Title: *Director*

STOCKHOLDER
SOFTBANK CAPITAL PARTNERS LP
SOFTBANK CAPITAL ADVISORS FUND LP SOFTBANK CAPITAL LP

By: /s/ STEVEN J. MURRAY

Name: Steven J. Murray
Title: *Admin. Member of SOFTBANK CAPITAL PARTNERS LLC (General Partner of all of the above entities)*

Schedule 1

David B. Goldberg
Robert D. Roback
Jeffrey M. Mickeal
Spencer A. McClung, Jr.
Thomas Hoegh
Richard A. Snyder
Warren Littlefield
James M. Koshland
Avalon Technology, LLC
Goron Enterprises Limited
Digital Ventures Holdings Limited
Softbank Capital Partners LP
Softbank Capital Advisors Fund LP
Softbank Capital LP

STOCKHOLDERS AGREEMENT

THIS STOCKHOLDERS AGREEMENT (this "*Agreement*"), is entered into as of June 27, 2001, by and among Yahoo! Inc., a Delaware corporation ("*Parent*"), Jewel Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of *Parent* ("*Purchaser*"), and certain stockholders of Launch Media, Inc., a Delaware corporation ("*Launch*") set forth on Schedule 1 hereto (each a "*Stockholder*" and collectively, the "*Stockholders*").

A. Each Stockholder is, as of the date hereof, the record and beneficial owner of the number of shares of common stock, par value $0.001 (the "*Launch Common Stock*"), of Launch, set forth opposite the name of such Stockholder on *Schedule 1* hereto;

B. *Parent*, Purchaser and Launch have entered into an Agreement and Plan of Merger, dated as of the date hereof (the "*Merger Agreement*"), which provides, among other things, for Purchaser to conduct a tender offer for all of the issued and outstanding shares of the Launch Common Stock (the "*Offer*") and the merger of Purchaser with and into Launch with Launch continuing as the surviving corporation (the "*Merger*") upon the terms and subject to the conditions set forth in the Merger Agreement (capitalized terms used herein without definition shall have the respective meanings specified in the Merger Agreement); and

C. As a condition to the willingness of *Parent* and Purchaser to enter into the Merger Agreement and as an inducement and in consideration therefor, the Stockholders have agreed to enter into this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein and in the Merger Agreement, and intending to be legally bound hereby, the parties hereto agree as follows:

Section 1. *Representations and Warranties of the Stockholders.* Each Stockholder hereby represents and warrants to *Parent* and Purchaser, severally and not jointly, as follows:

(a) Such Stockholder is the record and beneficial owner of the shares of Launch Common Stock set forth opposite his or its name on Schedule 1 to this Agreement (such shares of Launch Common Stock, together with any Launch Common Stock acquired by the Stockholder after the date of this Agreement, whether upon the exercise of options to purchase Launch Common Stock or otherwise, all as may be adjusted from time to time pursuant to Section 7 hereof, the "*Shares*"). *Schedule 1* lists separately all options issued to such Stockholder.

(b) Such Stockholder has the legal capacity to execute and deliver this Agreement and to consummate the transactions contemplated hereby.

(c) This Agreement has been validly executed and delivered by such Stockholder and constitutes the legal, valid and binding obligation of such Stockholder, enforceable against such Stockholder in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and (ii) the availability of the remedy of specific performance or injunctive or other forms of equitable relief may be subject to equitable defenses and would be subject to the discretion of the court before which any proceeding therefor may be brought.

(d) Neither the execution and delivery of this Agreement nor the consummation by such Stockholder of the transactions contemplated hereby will result in a violation of, or a default under, or conflict with, any contract, trust, commitment, agreement, understanding, arrangement or restriction of any kind to which such Stockholder is a party or by which such Stockholder or his assets are bound. The consummation by such Stockholder of the transactions contemplated hereby will not violate, or require any consent, approval, or notice under, any provision of any judgment, order, decree, statute, law, rule or regulation applicable to such Stockholder.

(e) In the case of any Stockholder that is a corporation, limited partnership or limited liability company, such stockholder is an entity duly organized and validly existing under the laws of the jurisdiction in which it is incorporated or constituted, and each such Stockholder has all requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby, and has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement.

(f) The Shares owned by such Stockholder are now, and at all times during the term hereof will be, held by such Stockholder, or by a nominee or custodian for the benefit of such Stockholder, free and clear of all liens, claims, security interests, proxies, voting trusts or agreements, options, rights, understandings or arrangements or any other encumbrances whatsoever on title, transfer, or exercise of any rights of a stockholder in respect of such Shares (collectively, "*Encumbrances*"), except for any such Encumbrances arising hereunder.

Section 2. *Representations and Warranties of Parent and Purchaser.* Each of Parent and Purchaser hereby, jointly and severally, represents and warrants to the Stockholders as follows:

(a) *Parent* is a corporation duly organized and validly existing under the laws of the State of Delaware, Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and each of *Parent* and Purchaser has all requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby, and has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement.

(b) This Agreement has been duly authorized, executed and delivered by each of Parent and Purchaser, and constitutes the legal, valid and binding obligation of each of Parent and Purchaser, enforceable against each of them in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) the availability of the remedy of specific performance or injunctive or other forms of equitable relief may be subject to equitable defenses and would be subject to the discretion of the court before which any proceeding therefor may be brought.

Section 3. *Tender of the Shares.* Each Stockholder hereby agrees that (a) he or it shall tender his or its Shares into the Offer as promptly as practicable, and in any event no later than the fifth business day, following the commencement of the Offer pursuant to Section 1.1 of the Merger Agreement, and (b) he or it shall

not withdraw any Shares so tendered unless the Offer is terminated or has expired without Purchaser purchasing all shares of Launch Common Stock validly tendered in the Offer.

Section 4. *Transfer of the Shares.*

(a) Prior to the termination of this Agreement, none of the Stockholders shall: (i) transfer, assign, sell, gift-over, pledge or otherwise dispose of, or consent to any of the foregoing ("*Transfer*"), any or all of the Shares or any right or interest therein; (ii) enter into any contract, option or other agreement, arrangement or understanding with respect to any Transfer; (iii) grant any proxy, power-of-attorney or other authorization or consent with respect to any of the Shares; (iv) deposit any of the Shares into a voting trust, or enter into a voting agreement or arrangement with respect to any of the Shares or (v) take any other action that would in any way restrict, limit or interfere with the performance of such Stockholder's obligations hereunder or the transactions contemplated hereby.

(b) Each Stockholder agrees to surrender to Launch, or to the transfer agent for Launch, certificates evidencing the Shares, and shall cause Launch or the transfer agent for Launch to place the following legend on any and all certificates evidencing the Shares:

THE SHARES OF LAUNCH COMMON STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER PURSUANT TO THAT CERTAIN STOCKHOLDERS AGREEMENT, DATED AS OF JUNE 22, 2001, BY AND AMONG YAHOO! INC., LAUNCH ACQUISITION CORPORATION AND CERTAIN STOCKHOLDERS OF LAUNCH MEDIA, INC. ANY TRANSFER OF SUCH SHARES OF LAUNCH COMMON STOCK IN VIOLATION OF THE TERMS AND PROVISIONS OF SUCH AGREEMENT SHALL BE NULL AND VOID AND OF NO EFFECT WHATSOEVER.

Section 5. *Voting Arrangements.*

(a) Each Stockholder agrees that, during the time this Agreement is in effect, at any meeting of the stockholders of Launch (a "*Launch Stockholders' Meeting*"), however called, and at every adjournment or postponement thereof, he, she or it shall (i) appear at the meeting or otherwise cause his, her or its Shares, to be counted as present thereat for purposes of establishing a quorum, (ii) vote, or execute consents in respect of, his, her or its Shares, or cause his, her or its Shares to be voted, or consents to be executed in respect thereof, in favor of the approval and adoption of the Merger Agreement, and any action required in furtherance thereof and (iii) vote, or execute consents in respect of, his, her or its Shares, or cause his, her or its Shares to be voted, or consents to be executed in respect thereof, against (A) any agreement or transaction relating to any (I) acquisition or purchase from Launch by any person or "group" (as defined under Section 13(d) of the Securities Exchange Act of 1934, as amended ("*Exchange Act*") and the rules and regulations thereunder) of more than a 15% interest in the total outstanding voting securities of Launch or any of its subsidiaries or any tender offer or exchange offer that if consummated would result in any person or "group" (as defined under Section 13(d) of the Exchange Act and the rules and regulations thereunder) beneficially owning 15% or more of the total outstanding voting securities of Launch or any of its subsidiaries or any merger, consolidation, business combination or similar transaction involving Launch pursuant to which the stockholders of Launch immediately preceding such transaction hold less than 85% of the equity interests in the surviving or resulting entity of such transaction; (II) any sale, lease (other than in the ordinary course of business), exchange, transfer, license (other than in the ordinary course of business), acquisition or disposition of more than 50% of the assets of Launch; or (III) any liquidation or dissolution of Launch (each, an "*Acquisition Proposal*") or transaction or occurrence that if proposed and offered to Launch or its stockholders (or any of them) would constitute an Acquisition Proposal (collectively, "*Alternative Transactions*") or (B) any amendment of Launch's Certificate of Incorporation or By-laws or other proposal, action or transaction involving Launch or any of its Subsidiaries or any of its stockholders, which amendment or other proposal, action or transaction could reasonably be expected to prevent or materially impede or delay the consummation of the Merger or the other transactions contemplated by the Merger Agreement or the consummation of the transactions contemplated by this Agreement or to deprive Parent of any material portion of the benefits anticipated by Parent to be received from the consummation of the Merger or the other transactions contemplated by the Merger Agreement or this Agreement, or change in any manner the voting rights of Launch Common Stock (collectively, "*Frustrating Transactions*") presented to the Stockholders of Launch (regardless of any recommendation of the Board of Directors of Launch) or in respect of which vote or consent of the Stockholder is requested or sought.

(b) *Irrevocable Proxy.* As security for the Stockholders' obligations under Section 5(a), each of the Stockholders hereby irrevocably constitutes and appoints Parent as his, her or its attorney and proxy in accordance with Delaware General Corporation Law ("*DGCL*"), with full power of

substitution and resubstitution, to cause the Stockholder's shares to be counted as present at any Launch Stockholders Meetings to vote his, her or its Shares at any Launch Stockholders' Meeting, however called, and execute consents in respect of his, her or its shares as and to the extent provided in Section 5(a). THIS PROXY AND POWER OF ATTORNEY IS IRREVOCABLE AND COUPLED WITH AN INTEREST. Each Stockholder hereby revokes all other proxies and powers of attorney with respect to his, her or its Shares that he, she or it may have heretofore appointed or granted, and no subsequent proxy or power of attorney shall be granted.

(c) Each Stockholder represents that any proxies heretofore given in respect of the Shares, if any, are revocable, and hereby revokes such proxies.

(d) Each Stockholder hereby affirms that the irrevocable proxy set forth in this Section 5 is given in connection with the execution of the Merger Agreement, and that such irrevocable proxy is given to secure the performance of the duties of such Stockholder under this Agreement. Such Stockholder hereby further affirms that the irrevocable proxy is coupled with an interest and, except as set forth in this Section or in Section 10, is intended to be irrevocable in accordance with the provisions of Section 212 of the DGCL. If for any reason the proxy granted herein is not irrevocable, then such Stockholder agrees to vote his or its Shares in accordance with Section 5(a) above as instructed by Parent in writing. The parties agree that the foregoing is a voting agreement created under Section 218 of the DGCL.

Section 6. *Option.*

(a) Subject to the terms and conditions set forth herein, each Stockholder hereby grants to Parent an irrevocable and continuing option (the "*Option*") to purchase for cash all, but not less than all, of the Launch Common Stock (including, without limitation, the Shares) beneficially owned or controlled by such Stockholder as of the date hereof, or beneficially owned or controlled by such Stockholder at any time hereafter (including, without limitation, shares acquired by way of exercise of options, warrants or other rights to purchase *Launch* Common Stock or by way of dividend, distribution, exchange,

merger, consolidation, recapitalization, reorganization, stock split, grant of proxy or otherwise) by such Stockholder (as adjusted as set forth herein) (the "*Option Shares*") at a purchase price equal to $0.92, or any higher purchase price per share paid or to be paid by Parent or Purchaser pursuant to the Offer (as defined in the Merger Agreement) or the Merger, but excluding any price paid to any stockholder who shall exercise dissenters' rights in connection with the Merger (the "*Purchase Price*").

(b) The Option may be exercised by Parent, in whole or in part, immediately following the consummation of the Offer with respect to the Shares owned by any Stockholder who shall fail to tender such Stockholder's Shares in accordance with Section 3 hereof.

(c) In the event that Parent wishes to exercise the Option, it shall send to the Stockholder a written notice (the date of each such notice being herein referred to as a "*Notice Date*") setting forth its irrevocable election to that effect, which notice also specifies a date not earlier than three business days nor later than 30 business days from the Notice Date for the closing of such purchase (an "*Option Closing Date*"); provided, however, that (i) if the closing of a purchase and sale pursuant to the Option (an "*Option Closing*") cannot be consummated by reason of any applicable judgment, decree, order, law or regulation, the period of time that otherwise would run pursuant to this sentence shall run instead from the date on which the restriction on consummation has expired or been terminated and (ii) without limiting the foregoing, if prior notification to or approval of any regulatory authority is required in connection with the purchase, Parent and the Stockholder shall promptly file the required notice or application for approval and shall cooperate in the expeditious filing of such notice or application, and the period of time that otherwise would run pursuant to this sentence shall run instead from the date on which, as the case may be, (A) any required notification period has expired or been terminated or (B) any

required approval has been obtained, and in either event, any requisite waiting period has expired or been terminated. Each of Parent and the Stockholder agrees to use commercially reasonable efforts to cooperate with and provide information to the other, for the purpose of any required notice or application for approval. Any exercise of the Option shall be deemed to occur on the Notice Date relating thereto. The place of any Option Closing shall be at the offices of Parent, which address is set forth in the Merger Agreement, and the time of the Option Closing shall be 10:00 a.m. (California time) on the applicable Option Closing Date.

(d) At any Option Closing, Parent shall pay to the Stockholder in immediately available funds by check or wire transfer to a bank account designated in writing by the Stockholder an amount equal to the Purchase Price multiplied by the number of Shares being delivered by the Stockholder; provided, that, with respect to any wire transfer, failure or refusal of the Stockholder to designate a bank account shall not preclude Parent from exercising the Option, in whole or in part.

(e) At any Option Closing, simultaneously with the delivery of immediately available funds as provided above, the Stockholder shall deliver to Parent a certificate or certificates representing its Shares to be purchased at such Option Closing, which Shares shall be free and clear of all liens, claims, charges and encumbrances of any kind whatsoever.

(f) In the event of any change in Launch Common Stock by reason of a stock dividend, split-up, merger, recapitalization, combination, exchange of shares or similar transaction, the type and number of Shares subject to the Option, and the Purchase Price therefor, shall be adjusted appropriately, so that Parent shall receive upon exercise of the Option the number and class of shares or other securities or property that Parent would have received in respect of the Option Shares if the Option had been exercised immediately prior to such event or the record date therefor, as applicable.

Section 7. *Certain Events.*

(a) In the event of any change in the Launch Common Stock or Option by reason of a stock dividend, stock split, split-up, recapitalization, reorganization, business combination, consolidation, exchange of shares, or any similar transaction or other change in the capital structure of Launch affecting the Launch Common Stock or the acquisition of additional shares of Launch Common Stock or other securities or rights of Launch by any Stockholder (whether through the exercise of any options, warrants or other rights to purchase shares of Launch Common Stock or otherwise): (a) the number of Shares owned by such Stockholder shall be adjusted appropriately, (b) the type and number of shares or securities subject to the Option, and the Purchase Price therefor, shall be adjusted appropriately, and (c) this Agreement and the obligations hereunder shall attach to any additional shares of Launch Common Stock or other securities or rights of Launch issued to or acquired by each of the Stockholders.

(b) In the event that Launch shall (A) enter into an agreement to consolidate with or merge into any person, other than Parent or one of Parent's subsidiaries, and shall not be the continuing or surviving corporation of such consolidation or merger, or (B) enter into an agreement to permit any person, other than Parent or one of Parent's subsidiaries, to merge into Launch and Launch shall be the continuing or surviving corporation, but, in connection with such merger, the Launch Common Stock then outstanding shall be changed into or exchanged for stock or other securities of Launch or any other person or cash or any other property or (C) liquidate, then, in the case of any of (A), (B) and (C), Parent shall thereafter be entitled to receive upon exercise of the Option the securities or properties to which a holder of the number of Option Shares then deliverable upon the exercise thereof will have been entitled to receive upon such consolidation, merger or liquidation, and such Stockholder shall use its best efforts to assure that the provisions hereof shall

thereafter be applicable, as nearly as reasonably may be practicable, in relation to any securities or property thereafter deliverable upon exercise of the Option.

Section 8. *Acquisition Proposals; Non-Solicitation.*

(a) *Acquisition Proposals.* Each Stockholder will notify Parent and Purchaser immediately if any proposals are received by, any information is requested from, or any negotiations or discussions are sought to be initiated or continued with such Stockholder, Launch, Launch's officers, directors, employees, investment bankers, attorneys, accountants or other agents, if any (each, a "*Representative*"), in each case in connection with any Acquisition Proposal indicating, in connection with such notice, the name of the person making such proposal, requesting such information, or seeking to initiate negotiations or discussions with the Stockholder or any officers, directors or agents of Launch that relate to an Acquisition Proposal and the material terms and conditions of any proposals or offers. Such Stockholder will keep Parent and Purchaser fully informed, on a current basis, of the status and terms of any Acquisition Proposal.

(b) *Non-Solicitation.* Each Stockholder agrees that it shall immediately cease and cause to be terminated all existing discussions, negotiations and communications with any persons with respect to any Acquisition Proposal. Such Stockholder shall not and shall not authorize or permit its Representatives to directly or indirectly (i) initiate, solicit or knowingly encourage, or knowingly take any action to facilitate the making of, any offer or proposal which constitutes or is reasonably likely to lead to any Acquisition Proposal, (ii) enter into any agreement with respect to any Acquisition Proposal, or (iii) in the event of an unsolicited Acquisition Proposal for Launch, engage in negotiations or discussions with, or provide any information or data to, any person (other than Parent or any of its affiliates or representatives) relating to any Acquisition Proposal. Any violation of the foregoing restrictions by any of the Stockholders or their respective Representatives, whether or not such Stockholder or Representative is so authorized by Launch or by any other Stockholder and whether or not such Stockholder or Representative is purporting to act on behalf of Launch, any Stockholder or Stockholders or otherwise, shall be deemed to be a breach of this Agreement by each Stockholder. It is understood that this Section 8 limits the rights of each Stockholder only to the extent that such Stockholder is acting in such Stockholder's capacity as a Stockholder. Nothing herein shall be construed as preventing a Stockholder who is an officer or director of Launch from fulfilling the obligations of such office (including, subject to the limitations contained in Sections 5.3(a) and (b) of the Merger Agreement, the performance of obligations required by the fiduciary obligations of such Stockholder acting solely in his or her capacity as an officer or director).

Section 9. *Further Assurances.* Each Stockholder shall, upon request of Parent or Purchaser, execute and deliver any additional documents and take such further actions as may reasonably be deemed by Parent or Purchaser to be necessary or desirable to carry out the provisions hereof and to vest in Parent the power to vote the Shares as contemplated by Section 5.

Section 10. *Termination.* This Agreement, and all rights and obligations of the parties hereunder, shall terminate immediately upon the earlier of (a) (i) sixty (60) days following a Section 8.1(e) Termination, a Section 8.1(f) Termination or a Qualifying Section 8.1(c) Termination or (ii) contemporaneously with any termination of the Merger Agreement in accordance with its terms that is not a Section 8.1(e) Termination, a Section 8.1(f) Termination or a Qualifying Section 8.1(c) Termination, whichever of clauses (i) and (ii) as shall be applicable or (b) the Effective Time; *provided*, *however*, that in the event that, prior to the termination of this Agreement pursuant to the terms hereof, Parent has delivered a Notice to any Stockholder pursuant to Section 6(b)(ii), this Agreement shall not terminate until ten business days following the Closing Date specified in such Notice, as such Closing Date may be extended pursuant to Section 6(b)(ii); *provided further*, *however*, that Sections 9 and 11 shall survive any termination of this Agreement. In the event that Purchaser shall accept and

pay for Shares in the Offer without a Stockholder tendering such Stockholder's Shares in accordance with Section 3 hereof, then the Option shall remain exercisable for a period of sixty (60) days following such acceptance for payment, irrespective of any other term of this Agreement. For the purposes of the foregoing: (i) a "*Section 8.1(e) Termination*" shall mean any termination of the Merger Agreement by Parent upon the occurrence of any of the events described in Section 8.1(e) of the Merger Agreement that would allow Parent to terminate the Merger Agreement (but without the necessity of Parent having terminated the Merger Agreement) shall have occurred; (ii) a "*Section 8.1(f) Termination*" shall mean any termination of the Merger Agreement by Launch pursuant to Section 8.1(f) thereof shall have occurred; and (iii) a "*Qualifying Section 8.1(c) Termination*" shall mean any termination of the Merger Agreement by Parent pursuant to Section 8.1(c) thereof shall have occurred (but only by reason of the failure of the Minimum Condition or the occurrence of any event set forth at paragraphs (d) or (f) of Annex I to the Merger Agreement) and following the date hereof and prior to such termination an Acquisition Proposal shall have been commenced, publicly proposed or communicated to Launch or its stockholders.

Section 11. *Expenses.* All fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such fees, costs and expenses.

Section 12. *Public Announcements.* Each of the Stockholders, the Parent and Purchaser agrees that it will not issue any press release or otherwise make any public statement with respect to this Agreement or the transactions contemplated hereby without the prior consent of the other party, which consent shall not be unreasonably withheld or delayed; provided, however, that such disclosure may be made without obtaining such prior consent (a) if (i) the disclosure is required by law or is required by any regulatory authority, including but not limited to the Nasdaq National Stock Market and any other national securities exchange, trading market or inter-dealer quotation system on which the Shares trade and (ii) the party making such disclosure has first used its best efforts to consult with the other parties about the form and substance of such disclosure, or (b) by Parent and Purchaser in accordance with Section 6.7 of the Merger Agreement.

Section 13. *Miscellaneous.*

(a) *Notices.* All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (which is confirmed) or sent by a nationally recognized overnight courier service, such as Federal Express (providing proof of delivery), to the

parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to any of the Stockholders, at the address set forth opposite the name of such Stockholder on Schedule 1 hereto:

with a copy to:

and

If to Parent or Purchaser, to:

Yahoo! Inc.
701 First Avenue
Sunnyvale, California 94089
Attention: Vice President, Corporate Development
Telephone No.: 408-349-3795

with a copy to:

Venture Law Group

2800 Sand Hill Road
Menlo park, California 94025
Attention: Steven J. Tonsfeldt
Telephone No: 650-254-4488

(b) *Headings.* The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(c) *Counterparts.* This Agreement may be executed manually or by facsimile by the parties hereto, or xerographically or electronically by their respective attorneys, in any number of counterparts, each of which shall be considered one and the same agreement and shall become effective when a counterpart hereof shall have been signed by each of the parties and delivered to the other parties.

(d) *Entire Agreement.* This Agreement (together with the Merger Agreement and any other documents and instruments referred to herein and therein) constitutes the entire agreement among the parties with respect to the subject matter hereof and thereof and supersedes all other prior agreements and understandings, both written and oral, among the parties or any of them with respect to the subject matter hereof and thereof.

(e) *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law thereof.

(f) *Assignment.* Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties except that Parent and Purchaser may assign, in their sole discretion and without the consent of any other party, any or all of their rights, interests and obligations hereunder to each other or to one or more direct or indirect wholly- owned subsidiaries of Parent (each, an "*Assignee*"). Any such Assignee may thereafter assign, in its sole discretion and without the consent of any other party, any or all of its rights, interests and obligations hereunder to one or more additional Assignees. Subject to the preceding

sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by, the parties and their respective successors and assigns, and the provisions of this Agreement are not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

(g) *Severability of Provisions.* If any term or provision of this Agreement is invalid, illegal or incapable of being enforced by rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions are fulfilled to the extent possible.

(h) *Specific Performance.* The parties hereto acknowledge that money damages would be an inadequate remedy for any breach of this Agreement by any party hereto, and that the obligations of the parties hereto shall be enforceable by any party hereto through injunctive or other equitable relief.

(i) *Amendment.* No amendment, modification or waiver in respect of this Agreement shall be effective against any party unless it shall be in writing and signed by such party.

(j) *Binding Nature.* This Agreement is binding upon and is solely for the benefit of the parties hereto and their respective successors, legal representatives and assigns.

(k) *Counterparts.* This Agreement may be executed manually or by facsimile by the parties hereto, or xerographically or electronically by their respective attorneys, in any number of counterparts, each of which shall be considered one and the same agreement and shall become effective when a counterpart hereof shall have been signed by each of the parties hereto and delivered to the other parties hereto.

IN WITNESS WHEREOF, Parent, Purchaser and the Stockholders have caused this Agreement to be duly executed and delivered as of the date first written above.

YAHOO! INC.

By: /s/ JEFFREY MALLETT

Name: Jeffrey Mallett
Title: *President & COO*

JEWEL ACQUISITION CORPORATION

By: /s/ JEFFREY MALLETT

Name: Jeffrey Mallett
Title: *President*

STOCKHOLDER
THE PHOENIX PARTNERS IV
LIMITED PARTNERSHIP

By: Phoenix Management IV, LLC
its General Partner

By: /s/ DAVID B. JOHNSTON

Name: David B. Johnston
Title: *Member*
Common Stock: 211,019 share

STOCKHOLDER
THE PHOENIX PARTNERS III
LIQUIDATING TRUST

By: /s/ DAVID B. JOHNSTON

Name: David B. Johnston
Title: *Trustee*
Common Stock: 627,957 shares

STOCKHOLDER
THE PHOENIX PARTNERS IIIB
LIMITED PARTNERSHIP

By: The Phoenix Management Partners III, LP its General Partner

By: /s/ DAVID B. JOHNSTON

Name: David B. Johnston
Title: *General Partner*
Common Stock: 502,367 shares

Schedule 1

The Phoenix Partners IIIB Partnership

The Phoenix Partners III Liquidating Trust

The Phoenix Partners IV Limited Partnership

QuickLinks -- Click here to rapidly navigate through this document

EMPLOYMENT AGREEMENT

The following terms of employment are agreed to maintain Robert Roback ("Employee's") employment by Launch Media, Inc. (the "Company") following the acquisition of the Company by Yahoo! Inc. ("Parent") pursuant to the Agreement and Plan of Merger (the "Merger Agreement") entered into as of June 27, 2001 by and among Parent, Jewel Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Parent ("Sub"), and the Company. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Merger Agreement.

1. ***Term***

This Agreement is contingent upon Parent or Sub accepting for payment and paying for such number of shares in an amount not less than the Minimum Condition upon the consummation of the tender offer contemplated by the Merger Agreement (the date of such payment, the "Effective Date"). Employee's effective date of employment under this Agreement will be the Effective Date. Following the Effective Date, Employee will either continue to participate in the regular health insurance benefits and other employee benefit plans established by Company or will become eligible to participate in the regular health insurance benefits and other employee benefit plans established by Parent generally for its employees. Employee will receive credit for his employment at the Company for purposes relating to the vacation policy and benefit plans of Parent (other than vesting of any future stock options granted to Employee by the Parent), as if Employee's employment under this Agreement had started the date Employee started work with the Company, to the extent allowed under the applicable plan or benefit program.

2. ***At-Will Employment***

This Agreement does not constitute a contract of employment for any specific period of time, but will create an "employment at will" relationship that may be terminated at any time by Employee or the Company, with or without cause. Employee's signature at the end of this Agreement confirms that no promises or agreements that are contrary to our at-will relationship have been committed to Employee during any of Employee's discussions with the Company or Parent. Employee's signature will also confirm that Employee understands and agrees that neither Employee's job performance nor promotions, commendations, bonuses or the like from the Company or Parent will give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of Employee's employment except as otherwise provided herein. Notwithstanding the foregoing, if Employee is terminated at any time without Cause (as defined below), Employee shall be entitled to the compensation specified in Section 8(b) below.

3. ***Compensation***

(a) In consideration of the services provided by Employee under this Agreement, Employee shall receive a base salary during Employee's first year of employment at the annual rate of $200,000, paid semi-monthly. During Employee's second year of employment, Employee's annual salary, paid semi-monthly, will be at least $200,000 and shall be re-evaluated in connection with the Company's annual compensation review, including a review of the Employee's total compensation package. Following the completion of Employee's second year of employment, Employee's total compensation will be re-evaluated in connection with the Company's annual compensation review.

(b) Employee's consent to this Agreement is conditional upon Parent management recommending to its Board of Directors that Employee be granted options to purchase 100,000 shares of Yahoo! Inc.'s Common Stock under Yahoo! Inc.'s 1995 Stock Option Plan (as amended, the "1995 Plan"). The exercise price for this option will be the fair market value of one share of Yahoo! Common Stock on the date of grant as determined by the Board of Directors. Employee's options will vest as to $^1/_4$ of the shares after one year of employment, and in equal monthly installments over the 36 following months.

(c) The Company shall make bonus payments to Employee in the gross amount before withholding taxes of $435,693 payable in quarterly installments over eight quarters following the

---

Effective Date as set forth in the attached Schedule A. The Employee, and not the Company or Parent, is responsible for all taxes on this bonus. Payments to Employee pursuant to Schedule A shall cease upon Employee's termination for Cause (as defined in this Agreement) or Employee's resignation. However, all such payments shall continue to be paid as specified in this Paragraph if Employee is terminated without Cause.

(d) The parties acknowledge that (i) Employee has current outstanding debt to the Company of approximately $70,000, and (ii) on April 18, 2001, the board of directors of the Company resolved that, if Employee is employed by the Company as of January 1, 2002, or is terminated without Cause prior to that date, the Company will forgive all outstanding debt on that date, including any accrued interest. Additionally, the Company will provide the Employee at that time with a tax gross up (i.e payment of money sufficient to cover all tax liability associated with this debt forgiveness and this additional tax payment). If Employee resigns or is terminated for Cause prior to January 1, 2002, said $70,000 debt shall be due and payable, including accrued interest, on Employee's last day of employment and may be offset against any amounts owed to Employee by the Company or Parent.

4. ***Title and Position***

Employee shall initially serve under this Agreement as General Manager, Yahoo! Music and Employee will initially report to David Mandelbrot, Vice President and General Manager of Entertainment. In the event Employee receives a promotion during the term of Employee's employment, such new title and position will thereafter be Employee's title and position for the purposes of this Agreement.

5. ***Duties***

Employee will be responsible for developing and executing the annual operating plan for Yahoo! Music. Employee will be expected to personally and diligently perform this function on a full-time and exclusive basis and to perform such services as Parent, the Company or any of its divisions may reasonably require, provided that such services are consistent with Employee's position with the Company. Employee will also be expected to observe all reasonable policies, standards and regulations adopted by Parent and the Company in connection with the operation of its business and carry out all reasonable instructions of Parent and the Company. Employee will at all times perform all of the duties and obligations reasonably required of Employee under this Agreement in a loyal and conscientious manner and to the best of Employee's ability and experience.

6. ***Expenses***

To the extent Employee incurs necessary and reasonable business expenses in the course of Employee's employment, Employee shall be promptly reimbursed for such expenses, subject to the Company's then current policies regarding reimbursement of such business expenses.

7. *Protection of Employer's Interests*

In the course of Employee's performance of this Agreement, it is likely that Employee will become knowledgeable about confidential and or proprietary information related to the operations, products and services of Parent, the Company and their clients. To protect the interests of Parent, the Company and their clients, all employees are required to read and sign a PROPRIETARY INFORMATION AND ASSIGNMENT OF INVENTIONS AGREEMENT prior to beginning employment. A copy of this Agreement is enclosed. Employee is required to sign it and return it along with Employee's signed copy of this Agreement.

8. *Termination*

(a) *Termination by the Company for Cause.* At any time during the term of Employee's employment, the Company may terminate Employee's employment under this Agreement upon the

---

occurrence of any of the following events (provided such termination is consistent with the Company's general employment policies):

(i) in the event that Employee shall willfully fail or refuse to comply in a material respect with the reasonable, material policies or regulations of the Company from time-to-time established (and applicable to all similarly situated employees of the Company) of which Employee has been previously advised in writing, provided that the Company has provided a written notice to Employee which specifically sets forth the factual basis for such material violation and the Company has allowed Employee thirty (30) days following delivery of such notice to cure any violation, if curable;

(ii) in the event that Employee, following written request from the Company, shall willfully fail or refuse, in a material respect, to perform competently the duties assigned to Employee by the Company in accordance with Section 5 above, provided that the Company has provided a written notice to Employee which specifically sets forth the factual basis of such failure or refusal and the Company has allowed Employee thirty (30) days time following delivery of such notice to cure any such failure or refusal, if curable;

(iii) in the event that Employee conducts himself in a willfully dishonest, unethical or fraudulent manner, which is materially detrimental to the reputation, character or standing of the Company or Parent;

(iv) in the event that Employee takes deliberate actions with an intent to injure the Company or Parent; or

(v) in the event that Employee is convicted of a felony or crime of moral turpitude or enters a plea of *nolo contendre* in response to a charge of such a crime.

Neither the Company nor Parent will have any further obligation to Employee upon such termination (other than to pay Employee any amounts already earned prior to termination), and Employee will continue to be bound by the provisions of Section 7 and 9, as well as applicable terms of the Noncompetition Agreement between the Employee and Parent dated June 27, 2001 (the "Noncompetition Agreement"), and the Yahoo! Employee Proprietary Information and Invention Assignment Agreement referred to herein.

(b) *Termination Without Cause/Resignation for Good Reason.* The Company may terminate this Agreement at any time and without Cause by giving written notice to Employee. Following such termination without Cause or the Employee's resignation for Good Reason (as defined below) within Employee's first year of employment under this Agreement, Yahoo! will pay Employee a severance payment equal to six (6) months base salary, less applicable withholdings, in accordance with the Company's then current payroll policy. If, at some time after Employee's first year of employment under this Agreement, Employee is terminated without Cause or Employee resigns for Good Reason, Employee's obligations under Section 1(b) of the Noncompetition Agreement shall thereupon terminate. If, at any time during the first two years of this Agreement, Employee is terminated without Cause or Employee resigns for Good Reason, the Company shall continue reimbursements as provided in Section 3(c) above. For purposes of this Agreement, Good Reason shall mean: (i) any decrease in the Employee's annual salary below $200,000 without Employee's consent; (ii) a material change in Employee's responsibilities without Employee's consent such that Employee (x) does not play a significant role in managing the music business of the Company and (y) does not play a significant role in managing the music business of Parent; or (iii) the relocation, without Employee's consent, of Employee's workplace for the Company or Parent to a location that is more than 50 miles from its current location.

(c) *Termination of Option Vesting.* Except as otherwise provided in the 1995 Plan under which Employee is granted an option, any options granted to Employee by Parent during the term of Employee's employment hereunder will immediately cease vesting upon Employee's termination with or without Cause and will thereafter be exercisable only if and as provided in the respective Option Agreement(s) and the 1995 Plan.

---

9. *Arbitration*

This Agreement confirms the parties' mutual agreement to binding arbitration under the Employment Dispute rules of the American Arbitration Association, should there be any dispute related to the termination of our employment relationship or the terms of Employee's employment relationship with the Company.

10. *Entire Agreement; Amendments; Waiver, Etc.*

(a) This Agreement, together with the 1995 Plan, option agreements, the Noncompetition Agreement, and the Yahoo! Employee Proprietary Information and Invention Assignment Agreement referred to herein, represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements and statements, whether written or oral, concerning the terms of Employee's employment. No waiver, amendment or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by authorized representatives of the parties hereto.

(b) In case any provision of this Agreement shall be invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

(c) No waiver by either party of any breach by the other party of any provision or condition of this Agreement shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time.

(d) This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to conflict of law principles.

11. ***Assignability***

All rights held and obligations assumed by the Company under this Agreement shall be assignable by the Company to the Parent upon written notice to the Employee.

---

12. ***Notices***

All notices which either party is required or may desire to give the other shall be in writing and given either personally or by depositing the same in the United States mail addressed to the party to be given notice as follows:

To the Company or Parent:	Yahoo! Inc. Attn: General Counsel Yahoo! Legal Department 701 First Ave Sunnyvale, CA 94089
To Employee:	Robert Roback 1101 Pine Street. Santa Monica, CA 90405

ACCEPTED AND AGREED TO:

Employee		**The Company**	
By:	/s/ ROBERT ROBACK	By:	/s/ DAVID B. GOLDBERG
Date:	June 27, 2001	Date:	June 27, 2001

AGREED AND ACKNOWLEDGED:
Yahoo! Inc.

By:	/s/ DAVID MANDELBROT
Date:	June 27, 2001

QuickLinks -- Click here to rapidly navigate through this document

EMPLOYMENT AGREEMENT

The following terms of employment are agreed to maintain David Goldberg ("Employee's") employment by Launch Media, Inc. (the "Company") following the acquisition of the Company by Yahoo! Inc. ("Parent") pursuant to the Agreement and Plan of Merger (the "Merger Agreement") entered into as of June 27, 2001 by and among Parent, Jewel Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Parent ("Sub"), and the Company. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Merger Agreement.

1. ***Term***

This Agreement is contingent upon Parent or Sub accepting for payment and paying for such number of shares in an amount not less than the Minimum Condition upon the consummation of the tender offer contemplated by the Merger Agreement (the date of such payment, the "Effective Date"). Employee's effective date of employment under this Agreement will be the Effective Date. Following the Effective Date, Employee will either continue to participate in the regular health insurance benefits and other employee benefit plans established by Company or will become eligible to participate in the regular health insurance benefits and other employee benefit plans established by Parent generally for its employees. Employee will receive credit for his employment at the Company for purposes relating to the vacation policy and benefit plans of Parent (other than vesting of any future stock options granted to Employee by the Parent), as if Employee's employment under this Agreement had started the date Employee started work with the Company, to the extent allowed under the applicable plan or benefit program.

2. ***At-Will Employment***

This Agreement does not constitute a contract of employment for any specific period of time, but will create an "employment at will" relationship that may be terminated at any time by Employee or the Company, with or without cause. Employee's signature at the end of this Agreement confirms that no promises or agreements that are contrary to our at-will relationship have been committed to Employee during any of Employee's discussions with the Company or Parent. Employee's signature will also confirm that Employee understands and agrees that neither Employee's job performance nor promotions, commendations, bonuses or the like from the Company or Parent will give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of Employee's employment except as otherwise provided herein. Notwithstanding the foregoing, if Employee is terminated at any time without Cause (as defined below), Employee shall be entitled to the compensation specified in Section 8(b) below.

3. ***Compensation***

(a) In consideration of the services provided by Employee under this Agreement, Employee shall receive a base salary during Employee's first year of employment at the annual rate of $200,000, paid semi-monthly. During Employee's second year of employment, Employee's annual salary, paid semi-monthly, will be at least $200,000 and shall be re-evaluated in connection with the Company's annual compensation review, including a review of the Employee's total compensation package. Following the completion of Employee's second year of employment, Employee's total compensation will be re-evaluated in connection with the Company's annual compensation review.

(b) Employee's consent to this Agreement is conditional upon Parent management recommending to its Board of Directors that Employee be granted options to purchase 100,000 shares of Yahoo! Inc.'s Common Stock under Yahoo! Inc.'s 1995 Stock Option Plan (as amended, the "1995 Plan"). The exercise price for this option will be the fair market value of one share of Yahoo! Common Stock on the date of grant as determined by the Board of Directors. Employee's options will vest as to $^{1}/_{4}$ of the shares after one year of employment, and in equal monthly installments over the 36 following months.

(c) The Company shall make bonus payments to Employee in the gross amount before withholding taxes of $435,693 payable in quarterly installments over eight quarters following the

---

Effective Date as set forth in the attached Schedule A. The Employee, and not the Company or Parent, is responsible for all taxes on this bonus. Payments to Employee pursuant to Schedule A shall cease upon Employee's termination for Cause (as defined in this Agreement) or Employee's resignation. However, all such payments shall continue to be paid as specified in this Paragraph if Employee is terminated without Cause.

(d) The parties acknowledge that (i) Employee has current outstanding debt to the Company of approximately $70,000, and (ii) on April 18, 2001, the board of directors of the Company resolved that, if Employee is employed by the Company as of January 1, 2002, or is terminated without Cause prior to that date, the Company will forgive all outstanding debt on that date, including any accrued interest. Additionally, the Company will provide the Employee at that time with a tax gross up (i.e payment of money sufficient to cover all tax liability associated with this debt forgiveness and this additional tax payment). If Employee resigns or is terminated for Cause prior to January 1, 2002, said $70,000 debt shall be due and payable, including accrued interest, on Employee's last day of employment and may be offset against any amounts owed to Employee by the Company or Parent.

4. ***Title and Position***

Employee shall initially serve under this Agreement as General Manager, Yahoo! Music and Employee will initially report to David Mandelbrot, Vice President and General Manager of Entertainment. In the event Employee receives a promotion during the term of Employee's employment, such new title and position will thereafter be Employee's title and position for the purposes of this Agreement.

5. ***Duties***

Employee will be responsible for developing and executing the annual operating plan for Yahoo! Music. Employee will be expected to personally and diligently perform this function on a full-time and exclusive basis and to perform such services as Parent, the Company or any of its divisions may reasonably require, provided that such services are consistent with Employee's position with the Company. Employee will also be expected to observe all reasonable policies, standards and regulations adopted by Parent and the Company in connection with the operation of its business and carry out all reasonable instructions of Parent and the Company. Employee will at all times perform all of the duties and obligations reasonably required of Employee under this Agreement in a loyal and conscientious manner and to the best of Employee's ability and experience.

6. ***Expenses***

To the extent Employee incurs necessary and reasonable business expenses in the course of Employee's employment, Employee shall be promptly reimbursed for such expenses, subject to the Company's then current policies regarding reimbursement of such business expenses.

7. *Protection of Employer's Interests*

In the course of Employee's performance of this Agreement, it is likely that Employee will become knowledgeable about confidential and or proprietary information related to the operations, products and services of Parent, the Company and their clients. To protect the interests of Parent, the Company and their clients, all employees are required to read and sign a PROPRIETARY INFORMATION AND ASSIGNMENT OF INVENTIONS AGREEMENT prior to beginning employment. A copy of this Agreement is enclosed. Employee is required to sign it and return it along with Employee's signed copy of this Agreement.

8. *Termination*

(a) *Termination by the Company for Cause.* At any time during the term of Employee's employment, the Company may terminate Employee's employment under this Agreement upon the

---

occurrence of any of the following events (provided such termination is consistent with the Company's general employment policies):

(i) in the event that Employee shall willfully fail or refuse to comply in a material respect with the reasonable, material policies or regulations of the Company from time-to-time established (and applicable to all similarly situated employees of the Company) of which Employee has been previously advised in writing, provided that the Company has provided a written notice to Employee which specifically sets forth the factual basis for such material violation and the Company has allowed Employee thirty (30) days following delivery of such notice to cure any violation, if curable;

(ii) in the event that Employee, following written request from the Company, shall willfully fail or refuse, in a material respect, to perform competently the duties assigned to Employee by the Company in accordance with Section 5 above, provided that the Company has provided a written notice to Employee which specifically sets forth the factual basis of such failure or refusal and the Company has allowed Employee thirty (30) days time following delivery of such notice to cure any such failure or refusal, if curable;

(iii) in the event that Employee conducts himself in a willfully dishonest, unethical or fraudulent manner, which is materially detrimental to the reputation, character or standing of the Company or Parent;

(iv) in the event that Employee takes deliberate actions with an intent to injure the Company or Parent; or

(v) in the event that Employee is convicted of a felony or crime of moral turpitude or enters a plea of *nolo contendre* in response to a charge of such a crime.

Neither the Company nor Parent will have any further obligation to Employee upon such termination (other than to pay Employee any amounts already earned prior to termination), and Employee will continue to be bound by the provisions of Section 7 and 9, as well as applicable terms of the Noncompetition Agreement between the Employee and Parent dated June 27, 2001 (the "Noncompetition Agreement"), and the Yahoo! Employee Proprietary Information and Invention Assignment Agreement referred to herein.

(b) *Termination Without Cause/Resignation for Good Reason.* The Company may terminate this Agreement at any time and without Cause by giving written notice to Employee. Following such termination without Cause or the Employee's resignation for Good Reason (as defined below) within Employee's first year of employment under this Agreement, Yahoo! will pay Employee a severance payment equal to six (6) months base salary, less applicable withholdings, in accordance with the Company's then current payroll policy. If, at some time after Employee's first year of employment under this Agreement, Employee is terminated without Cause or Employee resigns for Good Reason, Employee's obligations under Section 1(b) of the Noncompetition Agreement shall thereupon terminate. If, at any time during the first two years of this Agreement, Employee is terminated without Cause or Employee resigns for Good Reason, the Company shall continue reimbursements as provided in Section 3(c) above. For purposes of this Agreement, Good Reason shall mean: (i) any decrease in the Employee's annual salary below $200,000 without Employee's consent; (ii) a material change in Employee's responsibilities without Employee's consent such that Employee (x) does not play a significant role in managing the music business of the Company and (y) does not play a significant role in managing the music business of Parent; or (iii) the relocation, without Employee's consent, of Employee's workplace for the Company or Parent to a location that is more than 50 miles from its current location.

(c) *Termination of Option Vesting.* Except as otherwise provided in the 1995 Plan under which Employee is granted an option, any options granted to Employee by Parent during the term of Employee's employment hereunder will immediately cease vesting upon Employee's termination with or without Cause and will thereafter be exercisable only if and as provided in the respective Option Agreement(s) and the 1995 Plan.

---

9. *Arbitration*

This Agreement confirms the parties' mutual agreement to binding arbitration under the Employment Dispute rules of the American Arbitration Association, should there be any dispute related to the termination of our employment relationship or the terms of Employee's employment relationship with the Company.

10. *Entire Agreement; Amendments; Waiver, Etc.*

(a) This Agreement, together with the 1995 Plan, option agreements, the Noncompetition Agreement, and the Yahoo! Employee Proprietary Information and Invention Assignment Agreement referred to herein, represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements and statements, whether written or oral, concerning the terms of Employee's employment. No waiver, amendment or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by authorized representatives of the parties hereto.

(b) In case any provision of this Agreement shall be invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

(c) No waiver by either party of any breach by the other party of any provision or condition of this Agreement shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time.

(d) This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to conflict of law principles.

11. ***Assignability***

All rights held and obligations assumed by the Company under this Agreement shall be assignable by the Company to the Parent upon written notice to the Employee.

---

12. ***Notices***

All notices which either party is required or may desire to give the other shall be in writing and given either personally or by depositing the same in the United States mail addressed to the party to be given notice as follows:

To the Company or Parent:	Yahoo! Inc. Attn: General Counsel Yahoo! Legal Department 701 First Ave Sunnyvale, CA 94089
To Employee:	David Goldberg 18020 Sea Reef Dr. Pacific Palisades, CA 90272

ACCEPTED AND AGREED TO:

Employee		**The Company**	
By:	/s/ DAVID B. GOLDBERG	By:	/s/ ROBERT ROBACK
Date:	June 25, 2001	Date:	June 27, 2001

AGREED AND ACKNOWLEDGED:
Yahoo! Inc.

By:	/s/ DAVID MANDELBROT
Date:	June 27, 2001

QuickLinks -- Click here to rapidly navigate through this document

NONCOMPETITION AGREEMENT

THIS NONCOMPETITION AGREEMENT (this "*Agreement*") is entered into as of June 27, 2001, by and between Yahoo! Inc., a Delaware corporation ("*Yahoo!*") and Robert D. Roback ("*Employee*"), an employee of Launch Media, Inc. ("*Launch*").

RECITALS

A. Launch is engaged in the business of the digital delivery of music and music-related programming or information to users (the "*Business*").

B. Employee is a stockholder and an employee of Launch and has confidential and proprietary information relating to the business and operation of Launch.

C. Employee's covenant not to compete with Yahoo!, as reflected in this Agreement, is an essential part of the transactions described in that certain Agreement and Plan of Merger dated as of June 27, 2001 (the "*Merger Agreement*"), among Yahoo!, Jewel Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Yahoo! ("*Sub*"), and Launch, pursuant to which, among other things, Sub will be merged with and into Launch (the transactions contemplated by the Merger Agreement are referred to hereinafter as the "*Merger*").

D. As a condition to its willingness to enter into the Merger Agreement, Yahoo! has required that Employee agree, and Employee has agreed, to the noncompetition and nonsolicitation covenants and the confidentiality agreements provided in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and to induce Yahoo! to consummate the transactions contemplated by the Merger Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Employee hereby covenants and agrees as follows:

1. *Noncompetition.*

(a) Employee and Yahoo! (references to "Yahoo!" hereinafter shall include all subsidiaries of Yahoo! and shall include Launch which is the surviving corporation in the Merger) agree that due to the nature of Employee's association with Launch, Employee has confidential and proprietary information relating to the business and operations of Launch and Yahoo!. Employee acknowledges that such information is of importance to the business of Launch and Yahoo! and will continue to be so after the Merger and that disclosure of such confidential information to others or the unauthorized use of such information by others would cause substantial loss and harm to Yahoo!. Employee and Yahoo! also agree that Employee will acquire and will assist in developing confidential and proprietary information relating to the business of Yahoo! following the Merger.

(b) During the period which shall commence on the date on which Yahoo! or Sub shall accept for payment and pay for such number of shares of Launch capital stock in an amount not less than the "Minimum Condition"(as such term is defined in the Merger Agreement) upon the consummation of the tender offer contemplated by the Merger Agreement (the date of such payment, the "*Effective Date*") and shall terminate on the later of (i) two (2) years following the Effective Date or (ii) one (1) year after the termination of Employee's employment with Yahoo!, but in no event longer than three (3) years after the Effective Date (such period, the "*Restricted Period*"), Employee shall not (i) enter into or participate in the Business, or (ii) directly or indirectly (including without limitation, through any Affiliate (as defined below) of Employee), own, manage, operate, control or otherwise engage or participate in, or be connected as an owner,

partner, principal, salesman, guarantor, advisor, member of the board of directors of, employee of or consultant in (A) the entities listed on *Exhibit A*, or (B) any company or business, or any division, group, or other subset of any business, devoting 20% or more of its resources to engaging in or developing a business competitive with the Business or generating 20% or more of its gross revenues or earnings from a business competitive with the Business (the entities referred to in this clause (B), "*Restricted Entities*"). Nothing in the foregoing clause (B) shall prohibit the employment of Employee by an entity that might otherwise qualify as a Restricted Entity if Employee shall be employed by and work within a division, group, subsidiary or other subset of such Restricted Entity which would not otherwise be a Restricted Entity; *provided* that in no event shall the Employee engage or participate in the Business in connection with such employment. Notwithstanding the foregoing, however, (i) if Employee's employment with Yahoo! shall be terminated by Yahoo! without Cause (as defined in the Employment Agreement (the "*Employment Agreement*") entered into by Employee, Yahoo! and Launch as of June 27, 2001) or such employment shall be terminated by Employee for Good Reason (as defined in the Employment Agreement), in either case on or prior to the first anniversary of the Effective Date, then the Restricted Period shall be deemed to be six (6) months, and (ii) if Employee's employment with Yahoo! shall be terminated by Yahoo! without Cause (as defined in the Employment Agreement) or such employment shall be terminated by Employee for Good Reason (as defined in the Employment Agreement), in either case after the first anniversary of the Effective Date, then there shall be no Restricted Period and the provisions of this Section 1(b) shall deemed wholly inapplicable to Employee.

(c) Notwithstanding the foregoing provisions of Section 1(b) and the restrictions set forth therein, Employee may own securities in any publicly held corporation that is covered by the restrictions set forth in Section 1(b), but only to the extent that Employee does not own, of record or beneficially, more than 1% of the outstanding beneficial ownership of such corporation.

(d) The restrictions set forth in Section 1(b) shall apply worldwide (the "*Business Area*").

(e) "*Affiliate*" as used herein, means, with respect to any person or entity, any person or entity directly or indirectly controlling, controlled by or under direct or indirect common control with such other person or entity.

2. *Nonsolicitation of Yahoo! Employees.* During the Restricted Period, Employee shall not, without the prior written consent of Yahoo!, directly or indirectly (including without limitation, through any Affiliate of Employee), solicit, request, cause or induce any person who is at the time, or 12 months prior thereto had been, an employee of or a consultant of Yahoo! to leave the employ of or terminate such person's relationship with Yahoo!.

3. *Nonsolicitation of Customers.* During the Restricted Period, Employee shall not, directly or indirectly (including without limitation, through any Affiliate of Employee) (i) solicit, induce or attempt to induce any existing or previous customer of Yahoo!, including but not limited to any existing or previous customer of Launch, to cease doing business in whole or in part with Yahoo! with respect to the Business; (ii) attempt to limit or interfere with any business agreement or relationship existing between Yahoo! and/or its Affiliates with any third party; or (iii) disparage the business reputation of Yahoo! (or its management team) or take any actions that are harmful to Yahoo!'s goodwill with its customers, content providers, bandwidth or other network infrastructure providers, vendors, employees, the media or the public.

4. *Confidentiality.* Prior to the Effective Date, Employee will execute Yahoo!'s standard employee proprietary information and invention assignment agreement in the form attached hereto as Exhibit B.

5. *Stay of Time.* In the event a court of competent jurisdiction or other entity or person mutually selected by the parties to resolve any dispute (collectively a "*Court*") has determined that

Employee has violated the provisions of this Agreement, the running of the time period of such provisions so violated shall be automatically suspended as of the date of such violation and shall resume on the date that the Court determines that such violation has ceased.

6. *Injunctive Relief.* The remedy at law for any breach of this Agreement is and will be inadequate, and in the event of a breach or threatened breach by Employee of the provisions of Sections 1, 2 or 3 of this Agreement, Launch and Yahoo! shall be entitled to seek an injunction restraining Employee from conduct which would constitute a breach of this Agreement. Nothing herein contained shall be construed as prohibiting Launch or Yahoo! from pursuing any other remedies available to it or them for such breach or threatened breach, including, without limitation, the recovery of damages from Employee.

7. *Separate Covenants.* This Agreement shall be deemed to consist of a series of separate covenants, one for each line of business carried on by the Business and each county, state, country or other region included within the Business Area. The parties expressly agree that the character, duration and geographical scope of this Agreement are reasonable in light of the circumstances as they exist on the date upon which this Agreement has been executed. However, should a determination nonetheless be made by a court of competent jurisdiction at a later date that the character, duration or geographical scope of this Agreement is unreasonable in light of the circumstances as they then exist, then it is the intention and the agreement of Employee that this Agreement shall be construed by the court in such a manner as to impose only those restrictions on the conduct of Employee that are reasonable in light of the circumstances as they then exist and as are necessary to assure Launch and Yahoo! of the intended benefit of this Agreement. If, in any judicial proceeding, a court shall refuse to enforce all of the separate covenants deemed included herein because, taken together, they are more extensive than necessary to assure Yahoo! of the intended benefit of this Agreement, it is expressly understood and agreed among the parties hereto that those of such covenants that, if eliminated, would permit the remaining separate covenants to be enforced in such proceeding shall, for the purpose of such proceeding, be deemed eliminated from the provisions hereof.

8. *Severability.* If any of the provisions of this Agreement shall otherwise contravene or be invalid under the laws of any state, country or other jurisdiction where this Agreement is applicable but for such contravention or invalidity, such contravention or invalidity shall not invalidate all of the provisions of this Agreement but rather it shall be construed, insofar as the laws of that state, country or jurisdiction are concerned, as not containing the provision or provisions contravening or invalid under the laws of that state or jurisdiction, and the rights and obligations created hereby shall be construed and enforced accordingly.

9. *Construction.* This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of California, without regard to principles of conflicts or choice of laws.

10. *Amendments and Waivers.* This Agreement may be modified only by a written instrument duly executed by each party hereto. No breach of any covenant, agreement, warranty or representation shall be deemed waived unless expressly waived in writing by the party who might assert such breach. No waiver of any right hereunder shall operate as a waiver of any other right or of the same or a similar right on another occasion.

11. *Entire Agreement.* This Agreement, together with the Employment Agreement and the Merger Agreement and the ancillary documents executed in connection therewith, contains the entire understanding of the parties relating to the subject matter hereof, supersedes all prior and contemporaneous agreements and understandings relating to the subject matter hereof; and shall not be amended except by a written instrument signed by each of the parties hereto.

12. *Counterparts.* This Agreement may be executed by the parties in separate counterparts, each of which, when so executed and delivered, shall be an original, but all of which, when taken as a whole, shall constitute one and the same instrument.

13. *Section Headings.* The headings of each Section, subsection or other subdivision of this Agreement are for reference only and shall not limit or control the meaning thereof.

14. *Assignment.* Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof nor any of the documents executed in connection herewith may be assigned by any party without the consent of the other parties; provided, however, that Yahoo! and Launch may assign the benefits of this Agreement, without the consent of Employee, to any entity that acquires or succeeds to the Business.

15. *Further Assurances.* From time to time, at Yahoo!'s request and without further consideration, Employee shall execute and deliver such additional documents and take all such further action as reasonably requested by Launch or Yahoo! to be necessary or desirable to make effective, in the most expeditious manner possible, the terms of this Agreement.

16. *Notices.* All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or two business days after being mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Yahoo!:

Yahoo! Inc.
701 First Avenue
Sunnyvale, California 94089
Attention: Vice President, Corporate Development
Telephone No.: 408-349-3795
Telecopy No.: (408) 349-7939

with a copy at the same address to the attention of the General Counsel

(b)
if to Employee:

to the address set forth below the name of Employee on the signature page hereof.

17. *Effectiveness.* Notwithstanding any other provision of this Agreement, this Agreement shall become effective only upon the Effective Date, and if such Effective Date shall not occur prior to the termination of the Merger Agreement this Agreement shall be deemed void ab initio and have no further force or effect upon such termination of the Merger Agreement.

18. *Defined Terms.* Capitalized terms not otherwise defined herein shall have the meanings given to them in the Merger Agreement.

****

IN WITNESS WHEREOF, the parties hereto have executed this Noncompetition Agreement as of the date first above written.

YAHOO! INC.

By: /s/ JEFFREY MALLETT

Name: Jeffrey Mallett

Title: President & COO

EMPLOYEE

/s/ ROBERT D. ROBACK

Name: Robert D. Roback

Address: 1101 Pine St.

Santa Monica, CA 90405

Exhibit A

The music division of AOL

The music division of Time Warner

The music division of Bertelsmann

The music division of Vivendi Universal

EMI Group

The music division of Sony Corporation

The music division of Microsoft Corporation

Real Networks

Napster

mp3.com

MusicMatch

The music division of Viacom

QuickLinks

QuickLinks -- Click here to rapidly navigate through this document

NONCOMPETITION AGREEMENT

THIS NONCOMPETITION AGREEMENT (this "*Agreement*") is entered into as of June 27, 2001, by and between Yahoo! Inc., a Delaware corporation ("*Yahoo!*") and David B. Goldberg ("*Employee*"), an employee of Launch Media, Inc. ("*Launch*").

RECITALS

A. Launch is engaged in the business of the digital delivery of music and music-related programming or information to users (the "*Business*").

B. Employee is a stockholder and an employee of Launch and has confidential and proprietary information relating to the business and operation of Launch.

C. Employee's covenant not to compete with Yahoo!, as reflected in this Agreement, is an essential part of the transactions described in that certain Agreement and Plan of Merger dated as of June 27, 2001 (the "*Merger Agreement*"), among Yahoo!, Jewel Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Yahoo! ("*Sub*"), and Launch, pursuant to which, among other things, Sub will be merged with and into Launch (the transactions contemplated by the Merger Agreement are referred to hereinafter as the "*Merger*").

D. As a condition to its willingness to enter into the Merger Agreement, Yahoo! has required that Employee agree, and Employee has agreed, to the noncompetition and nonsolicitation covenants and the confidentiality agreements provided in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and to induce Yahoo! to consummate the transactions contemplated by the Merger Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Employee hereby covenants and agrees as follows:

1. *Noncompetition.*

(a) Employee and Yahoo! (references to "Yahoo!" hereinafter shall include all subsidiaries of Yahoo! and shall include Launch which is the surviving corporation in the Merger) agree that due to the nature of Employee's association with Launch, Employee has confidential and proprietary information relating to the business and operations of Launch and Yahoo!. Employee acknowledges that such information is of importance to the business of Launch and Yahoo! and will continue to be so after the Merger and that disclosure of such confidential information to others or the unauthorized use of such information by others would cause substantial loss and harm to Yahoo!. Employee and Yahoo! also agree that Employee will acquire and will assist in developing confidential and proprietary information relating to the business of Yahoo! following the Merger.

(b) During the period which shall commence on the date on which Yahoo! or Sub shall accept for payment and pay for such number of shares of Launch capital stock in an amount not less than the "Minimum Condition"(as such term is defined in the Merger Agreement) upon the consummation of the tender offer contemplated by the Merger Agreement (the date of such payment, the "*Effective Date*") and shall terminate on the later of (i) two (2) years following the Effective Date or (ii) one (1) year after the termination of Employee's employment with Yahoo!, but in no event longer than three (3) years after the Effective Date (such period, the "*Restricted Period*"), Employee shall not (i) enter into or participate in the Business, or (ii) directly or indirectly (including without limitation, through any Affiliate (as defined below) of Employee), own, manage, operate, control or otherwise engage or participate in, or be connected as an owner,

---

partner, principal, salesman, guarantor, advisor, member of the board of directors of, employee of or consultant in (A) the entities listed on *Exhibit A*, or (B) any company or business, or any division, group, or other subset of any business, devoting 20% or more of its resources to engaging in or developing a business competitive with the Business or generating 20% or more of its gross revenues or earnings from a business competitive with the Business (the entities referred to in this clause (B), "*Restricted Entities*"). Nothing in the foregoing clause (B) shall prohibit the employment of Employee by an entity that might otherwise qualify as a Restricted Entity if Employee shall be employed by and work within a division, group, subsidiary or other subset of such Restricted Entity which would not otherwise be a Restricted Entity; *provided* that in no event shall the Employee engage or participate in the Business in connection with such employment. Notwithstanding the foregoing, however, (i) if Employee's employment with Yahoo! shall be terminated by Yahoo! without Cause (as defined in the Employment Agreement (the "*Employment Agreement*") entered into by Employee, Yahoo! and Launch as of June 27, 2001) or such employment shall be terminated by Employee for Good Reason (as defined in the Employment Agreement), in either case on or prior to the first anniversary of the Effective Date, then the Restricted Period shall be deemed to be six (6) months, and (ii) if Employee's employment with Yahoo! shall be terminated by Yahoo! without Cause (as defined in the Employment Agreement) or such employment shall be terminated by Employee for Good Reason (as defined in the Employment Agreement), in either case after the first anniversary of the Effective Date, then there shall be no Restricted Period and the provisions of this Section 1(b) shall deemed wholly inapplicable to Employee. Nothing in this Agreement shall preclude Employee from serving on the Board of Directors for Liveplanet, Inc.

(c) Notwithstanding the foregoing provisions of Section 1(b) and the restrictions set forth therein, Employee may own securities in any publicly held corporation that is covered by the restrictions set forth in Section 1(b), but only to the extent that Employee does not own, of record or beneficially, more than 1% of the outstanding beneficial ownership of such corporation.

(d) The restrictions set forth in Section 1(b) shall apply worldwide (the "*Business Area*").

(e) "*Affiliate*" as used herein, means, with respect to any person or entity, any person or entity directly or indirectly controlling, controlled by or under direct or indirect common control with such other person or entity.

2. *Nonsolicitation of Yahoo! Employees.* During the Restricted Period, Employee shall not, without the prior written consent of Yahoo!, directly or indirectly (including without limitation, through any Affiliate of Employee), solicit, request, cause or induce any person who is at the time, or 12 months prior thereto had been, an employee of or a consultant of Yahoo! to leave the employ of or terminate such person's relationship with Yahoo!.

3. *Nonsolicitation of Customers.* During the Restricted Period, Employee shall not, directly or indirectly (including without limitation, through any Affiliate of Employee) (i) solicit, induce or attempt to induce any existing or previous customer of Yahoo!, including but not limited to any existing or previous customer of Launch, to cease doing business in whole or in part with Yahoo! with respect to the Business; (ii) attempt to limit or interfere with any business agreement or relationship existing between Yahoo! and/or its Affiliates with any third party; or (iii) disparage the business reputation of Yahoo! (or its management team) or take any actions that are harmful to Yahoo!'s goodwill with its customers, content providers, bandwidth or other network infrastructure providers, vendors, employees, the media or the public.

4. *Confidentiality.* Prior to the Effective Date, Employee will execute Yahoo!'s standard employee proprietary information and invention assignment agreement in the form attached hereto as Exhibit B.

---

5. *Stay of Time.* In the event a court of competent jurisdiction or other entity or person mutually selected by the parties to resolve any dispute (collectively a "*Court*") has determined that Employee has violated the provisions of this Agreement, the running of the time period of such provisions so violated shall be automatically suspended as of the date of such violation and shall resume on the date that the Court determines that such violation has ceased.

6. *Injunctive Relief.* The remedy at law for any breach of this Agreement is and will be inadequate, and in the event of a breach or threatened breach by Employee of the provisions of Sections 1, 2 or 3 of this Agreement, Launch and Yahoo! shall be entitled to seek an injunction restraining Employee from conduct which would constitute a breach of this Agreement. Nothing herein contained shall be construed as prohibiting Launch or Yahoo! from pursuing any other remedies available to it or them for such breach or threatened breach, including, without limitation, the recovery of damages from Employee.

7. *Separate Covenants.* This Agreement shall be deemed to consist of a series of separate covenants, one for each line of business carried on by the Business and each county, state, country or other region included within the Business Area. The parties expressly agree that the character, duration and geographical scope of this Agreement are reasonable in light of the circumstances as they exist on the date upon which this Agreement has been executed. However, should a determination nonetheless be made by a court of competent jurisdiction at a later date that the character, duration or geographical scope of this Agreement is unreasonable in light of the circumstances as they then exist, then it is the intention and the agreement of Employee that this Agreement shall be construed by the court in such a manner as to impose only those restrictions on the conduct of Employee that are reasonable in light of the circumstances as they then exist and as are necessary to assure Launch and Yahoo! of the intended benefit of this Agreement. If, in any judicial proceeding, a court shall refuse to enforce all of the separate covenants deemed included herein because, taken together, they are more extensive than necessary to assure Yahoo! of the intended benefit of this Agreement, it is expressly understood and agreed among the parties hereto that those of such covenants that, if eliminated, would permit the remaining separate covenants to be enforced in such proceeding shall, for the purpose of such proceeding, be deemed eliminated from the provisions hereof.

8. *Severability.* If any of the provisions of this Agreement shall otherwise contravene or be invalid under the laws of any state, country or other jurisdiction where this Agreement is applicable but for such contravention or invalidity, such contravention or invalidity shall not invalidate all of the provisions of this Agreement but rather it shall be construed, insofar as the laws of that state, country or jurisdiction are concerned, as not containing the provision or provisions contravening or invalid under the laws of that state or jurisdiction, and the rights and obligations created hereby shall be construed and enforced accordingly.

9. *Construction.* This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of California, without regard to principles of conflicts or choice of laws.

10. *Amendments and Waivers.* This Agreement may be modified only by a written instrument duly executed by each party hereto. No breach of any covenant, agreement, warranty or representation shall be deemed waived unless expressly waived in writing by the party who might assert such breach. No waiver of any right hereunder shall operate as a waiver of any other right or of the same or a similar right on another occasion.

11. *Entire Agreement.* This Agreement, together with the Employment Agreement and the Merger Agreement and the ancillary documents executed in connection therewith, contains the entire understanding of the parties relating to the subject matter hereof, supersedes all prior and contemporaneous agreements and understandings relating to the subject matter hereof; and shall not be amended except by a written instrument signed by each of the parties hereto.

---

12. *Counterparts.* This Agreement may be executed by the parties in separate counterparts, each of which, when so executed and delivered, shall be an original, but all of which, when taken as a whole, shall constitute one and the same instrument.

13. *Section Headings.* The headings of each Section, subsection or other subdivision of this Agreement are for reference only and shall not limit or control the meaning thereof.

14. *Assignment.* Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof nor any of the documents executed in connection herewith may be assigned by any party without the consent of the other parties; provided, however, that Yahoo! and Launch may assign the benefits of this Agreement, without the consent of Employee, to any entity that acquires or succeeds to the Business.

15. *Further Assurances.* From time to time, at Yahoo!'s request and without further consideration, Employee shall execute and deliver such additional documents and take all such further action as reasonably requested by Launch or Yahoo! to be necessary or desirable to make effective, in the most expeditious manner possible, the terms of this Agreement.

16. *Notices.* All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or two business days after being mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a)

if to Yahoo!:

Yahoo! Inc.
701 First Avenue
Sunnyvale, California 94089

Attention: Vice President, Corporate Development
Telephone No.: 408-349-3795
Telecopy No.: (408) 349-7939

with a copy at the same address to the attention of the General Counsel

(b)
if to Employee:

to the address set forth below the name of Employee on the signature page hereof.

17. *Effectiveness.* Notwithstanding any other provision of this Agreement, this Agreement shall become effective only upon the Effective Date, and if such Effective Date shall not occur prior to the termination of the Merger Agreement this Agreement shall be deemed void ab initio and have no further force or effect upon such termination of the Merger Agreement.

18. *Defined Terms.* Capitalized terms not otherwise defined herein shall have the meanings given to them in the Merger Agreement.

****

IN WITNESS WHEREOF, the parties hereto have executed this Noncompetition Agreement as of the date first above written.

YAHOO! INC.

By: /s/ JEFFREY MALLETT

Name: Jeffrey Mallett

Title: President & COO

EMPLOYEE

/s/ DAVID B. GOLDBERG

Name: David B. Goldberg

Address: 18020 Sea Reef Dr.

Pacific Palisades, CA 90272

***** NONCOMPETITION AGREEMENT *****

Exhibit A

The music division of AOL

The music division of Time Warner

The music division of Bertelsmann

The music division of Vivendi Universal

EMI Group

The music division of Sony Corporation

The music division of Microsoft Corporation

Real Networks

Napster

QuickLinks

QuickLinks -- Click here to rapidly navigate through this document

LOAN AND SECURITY AGREEMENT

This Loan and Security Agreement is made as of May 25, 2001 (this "*Agreement*") by and between Launch Media, Inc., a Delaware corporation having its principal place of business at 2700 Pennsylvania Avenue, Santa Monica, California 90404 (the "*Borrower*") and Yahoo! Inc., a Delaware corporation, having its principal place of business at 701 First Avenue, Sunnyvale, California 94089 (the "*Lender*").

RECITALS

A. Borrower has requested Lender to make available to Borrower a loan in an aggregate principal amount of up to three million dollars ($3,000,000) (collectively, the "*Loan*").

B. Lender is willing to make the Loan on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower hereby agrees with Lender as follows:

1. THE LOAN.

1.1 *Advances.* Lender agrees to make (i) an initial advance to Borrower in an aggregate amount of two million dollars ($2,000,000) on the date hereof (the "*Initial Advance*") and (ii) a subsequent advance in an aggregate amount of one million dollars ($1,000,000) upon the execution of definitive agreements with respect to the proposed acquisition of Borrower by Lender (the "*Subsequent Advance*"). The Initial Advance and the Subsequent Advance may each be referred to herein as an "*Advance*" and, together, as the "*Advances*". Borrower acknowledges that Lender has no obligation whatsoever to make or fund any advances other than the Initial Advance and the Subsequent Advance on the terms and conditions set forth herein.

1.2 *Promissory Notes; Maturity.* Borrower promises to execute and deliver to Lender secured promissory notes prepared by Lender in substantially the form attached hereto as *Exhibit A* in the original principal amount of each of the Initial Advance and the Subsequent Advance at the time that each such advance is made as evidence of such advance (each, a "*Note*"). The aggregate principal amount of the Advances shall bear interest thereon from the funding date of each such Advance (the "*Advance Date*"), at the rate of ten percent (10%) per annum, based upon a 360 day year for the actual number of days elapsed. The entire amount of outstanding principal, accrued interest and any unpaid fees and expenses under and with respect to the Advances shall be due and payable on the earlier to occur of (i) December 31, 2001; (ii) the occurrence of an Event of Default (as defined herein); (iii) 90 days following the date of this Note in the event that discussions between Borrower and Lender with respect to a possible business combination transaction terminate prior to the execution of an acquisition agreement entered into between Lender and Borrower; (iv) except as provided in clause (v) below, 90 days following the date of termination of any acquisition agreement entered into between Borrower and Lender or (v) immediately upon the termination of any acquisition agreement entered into between Borrower and Lender if and only if such termination results from (x) the acceptance by Borrower's Board of Directors of a third party's acquisition proposal, (y) a change in recommendation by Borrower's Board of Directors regarding the proposed transaction between Borrower and Lender or a failure of the Board of Directors of Borrower to continue to support the proposed transaction, or (z) a breach of the acquisition agreement by Borrower. All of the Advances, Loan and other Obligations (as defined in Section 3 of this Agreement) arising under this Agreement, the Notes, all UCC Financing Statements, the Intellectual Property Security Agreement and any other documents executed in connection with the Obligations or the transactions contemplated hereby (the "*Loan Documents*") shall constitute one general obligation of Borrower secured by the Collateral.

1.3 *Interest; Maximum Rate; Default.*

(a) Notwithstanding any provision in this Agreement, the Notes or any other Loan Document to the contrary, it is the parties intent that in no event shall any interest collected or charged under this Agreement or the Notes exceed the maximum rate then permitted by law and if any such payment is made by Borrower, then such excess sum shall be credited by Lender as a payment of principal.

(b) Every amount overdue under any Note shall bear interest from and after the date on which such amount first became overdue at an annual rate which is the lesser of (i) four (4) percentage points above the rate per year specified in Section 1.2 hereof or (ii) the maximum rate permitted by applicable law. Such interest on overdue amounts under this Agreement or any Note shall be payable on demand and shall accrue and be compounded monthly until the obligation of the Borrower with respect to the payment of such interest has been fully discharged (whether before or after judgement).

2. *SECURITY INTEREST.* The Borrower, for valuable consideration, receipt of which is acknowledged, hereby grants to the Lender a continuing lien on, and first and prior security interest in, all of Borrower's right, title and interest in and to the following:

(1) All goods and equipment now owned or hereafter acquired, including, without limitation, all machinery, fixtures, vehicles (including motor vehicles), tools, furniture and any interest in any of the foregoing, and all attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing, wherever located; and

(2) All inventory, now owned or hereafter acquired, including without limitation, all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished goods including such inventory as is temporarily out of Borrower's custody or possession or in transit and including any returns upon an accounts or other proceeds, including insurance proceeds, resulting from the sale or disposition of any of the foregoing and any documents of title representing any of the above, and Borrower's books relating to any of the foregoing; and

(3)

All contract rights, intellectual property and general intangibles now owned or hereafter acquired, including, without limitation, goodwill, trademarks and trademark applications, copyrights and copyright applications, patents and patent applications, servicemarks, trade styles, trade names, leases, license agreements, franchise agreements, blueprints, drawings, purchase orders, customer lists, route lists, infringements, claims, computer programs, computer discs, computer tapes, literature, reports, catalogs, design rights, income tax refunds, payments of insurance and rights to payment of any kind; and

(4)

All now existing and hereafter arising accounts, contract rights, royalties, license rights and all other forms of obligations owing to Borrower arising out of the sale or lease of goods, the licensing of technology or the rendering of services by Borrower, whether or not earned by performance, and any and all credit insurance, guaranties, and other security therefore, as well as all merchandise returned to or reclaimed by Borrower and Borrower's books relating to any of the foregoing; and

(5)

All documents, cash, deposit accounts, securities, letters of credit, certificates of deposit, instruments and chattel paper now owned or hereafter acquired and Borrower's books relating to the foregoing; and

(6)

All copyrights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished, now owned or hereafter acquired; all trade secret rights, including all rights to unpatented inventions, know-how, operating manuals, license rights and agreements and confidential information, now owned or hereafter acquired; all mask work or similar rights available for the protection

of semiconductor devices, now owned or hereafter acquired; all claims for damages by way of any past, present and future infringement of any of the foregoing; and

(7)

All other tangible and intangible property of Borrower, wherever located, and whether now owned or hereafter acquired; and

(8)

Any and all claims, rights and interests in any of the above and all substitutions for, additions and accessions to and proceeds thereof, including insurance proceeds (the "*Collateral*").

Notwithstanding the foregoing, the grant of the security interest provided for herein shall not extend to, and the term "Collateral" shall not include:

(i)

any property rights or licenses to the extent that the grant of a security interest therein, or an assignment thereof, would be contrary to applicable law or is prohibited by or would constitute a default under any agreement or document governing such property (but only to the extent that such prohibition is enforceable under applicable law); or

(ii)

any equipment, together with all present and future additions, part, accessories, attachments, substitutions, repairs, improvements, and replacements thereof or thereto, and any and all proceeds thereof, including, without limitation, proceeds of insurance and all manuals, blueprints, know-how, warranties and records in connection therewith, all rights against suppliers warrantors, manufacturers, seller, or others in connection therewith, and together with all substitutes for any of the foregoing, purchased by Borrower pursuant to that certain Master Loan and Security Agreement dated as of March 23, 2000 by and between Borrower and Transamerica Business Credit Corporation and the schedules thereto, all of which equipment is set forth in the financing statements attached to Schedule 1 hereto.

3. *OBLIGATIONS SECURED.* The security interest granted hereby secures payment and performance of all debts, loans and liabilities under this Agreement, and all other debts and liabilities of Borrower to Lender of every kind and description, whether now existing or hereafter arising, including but not limited to the loan made by the Lender to Borrower in the total aggregate principal amount of up to $3,000,000 (the "*Loan*") as evidenced by one or more Notes and all obligations of Borrower under the Note or Notes, including the Loan and all interest, fees, charges and expenses, and including but not limited to expenses with respect to the enforcement of any rights and remedies of Lender hereunder (collectively, the "*Obligations*").

4. *FURTHER ASSURANCES.* From and after the date hereof, Borrower agrees to execute and deliver such other documents and instruments as the Lender may reasonably request with regard hereto.

5. *DEBTOR'S REPRESENTATIONS AND WARRANTIES.* Except as set forth on *Schedule 1*, Borrower represents and warrants that:

5.1 *Incorporation.* Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified and in good standing in the States of California and New York; Borrower has the corporate power to own its property and conduct its business as presently conducted.

5.2 *Authorization.* The execution, delivery and performance hereof are within the Borrower's corporate powers, have been duly authorized by a resolution (a copy of which is delivered herewith) are not in contravention of law nor of the terms of Borrower's certificate of incorporation or by-laws, nor of any indenture, agreement or undertaking to which the Borrower is a party or by which it is bound.

5.3 *Records.* All incorporation papers and all amendments thereto of Borrower have been duly filed with the Secretary of State for the State of Delaware and are in proper order. All capital stock

issued by Borrower and outstanding was and is properly issued and paid for and all books, records and reports of Borrower, including but not limited to its minute books, by-laws, certificates of condition and books of account, are accurate and up to date and will be so maintained.

5.4 *Litigation; No Conflicts.* No litigation is either threatened, contemplated or pending to Borrower's knowledge, that will materially and adversely affect Borrower's financial condition except as previously disclosed to Lender in writing. No holding, decision or judgment has been rendered by any governmental authority which would limit, cancel or question the validity of, or Borrower's rights in, any of the Collateral. No action or proceeding seeking to limit, cancel or question the validity of any Collateral owned by Borrower or Borrower's ownership interest therein is on the date hereof pending or, to the knowledge of Borrower, threatened.

5.5 *Principal Place of Business.* Borrower's principal place of business is located at 2700 Pennsylvania Avenue, Santa Monica, California 90404.

5.6 *Accounts.* Borrower keeps its records concerning its accounts at 2700 Pennsylvania Avenue, Santa Monica, California 90404.

5.7 *Offices.*

Borrower's chief executive office is located at:

2700 Pennsylvania Avenue
Santa Monica, California 90404

Borrower has additional offices located at:

216 W. Ohio Street, 3rd Floor
Chicago, Illinois 60610

121 W. 19th Street, 2nd Floor
New York, New York 10011

1108 B 17th Ave.
South Nashville, TN 37212

5.8 *Inventory.* All inventory currently owned by Borrower is located at the addresses set forth in Section 5.7 above.

5.9 *Changes.* Borrower will promptly notify Lender in writing of any change in the location of its chief executive office or of any other place of business or of any inventory or account or of the establishment of any new place of business or location of inventory, account or office where the records of its accounts are kept.

5.10 *Financial Statements.* Borrower's financial statements dated [March 31, 2001] previously delivered to Lender are the latest available financial statements and fairly represent Borrower's financial condition as of the date of this Agreement. Except as set forth on *Schedule 1*, Borrower owns all of its personal property and has good, clear and marketable title thereto, free and clear of all liens and encumbrances, and there are no outstanding commitments of Borrower relative to the purchase, sale, mortgage, lease or license of said property, other than in the usual course of business.

5.11 *Subsidiaries; Investments.* Except as set forth on *Schedule 1*, Borrower has no subsidiaries. Borrower does not own any capital stock, bonds or other securities or instruments of, and does not have any proprietary interest in, any other corporation, limited liability company, general or limited partnership, firm, association or business organization, entity or enterprise.

5.12 *Liens.* Borrower owns all right, title and interest in and to the Collateral, free of any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, levy, lien or charge of any kind, whether voluntarily incurred or arising by operation of law or

otherwise, against any property, any conditional sale or other title retention agreement, any lease in the nature of a security interest, and the filing of any financing statement (other than a precautionary financing statement with respect to a lease that is not in the nature of a security interest) under the UCC or comparable law of any jurisdiction ("*Liens*") whatsoever, except for the Permitted Liens (as defined in Section 6.4).

5.13 *Valid and Continuing Security Interest.* The security interest granted pursuant to this Agreement will constitute a valid, continuing and, upon the filing of appropriate financing statements, first priority perfected security interest (except as to the equipment identified on the already-filed financing statements attached to Schedule 1 hereto) in favor of the Lender in the Collateral.

5.14 *Opinion.* On or prior to May 30, 2001, Lender shall received from Borrower's counsel an opinion with respect to the transactions contemplated by this Agreement and the Note in form and substance reasonably satisfactory to Lender.

5.15 *Further Representations and Warranties.* Borrower further represents and warrants that each of the Obligations secured hereby and each of the representations and warranties made herein is true and correct as of the date hereof.

6. *GENERAL OBLIGATIONS OF DEBTOR.*

6.1 *Financing Statements.* Borrower agrees to reimburse Lender for the cost of any filings in all public offices wherever filing is required by applicable law to perfect a security interest or is deemed by Lender to be necessary or desirable and to execute such other documents as the Lender shall reasonably request with respect to perfection of the security interest granted hereunder. A carbon, photographic or other reproduction of this Agreement or of a financing statement shall be sufficient as a financing statement.

6.2 *Insurance.* Borrower agrees to keep all the Collateral insured in a manner consistent with past practice for such Collateral, and in cases where such insurance is maintained, to name the Lender as an additional loss payee, and payable to the Lender and Borrower, as their interests may appear.

6.3 *Inspection.* Borrower will keep accurate and complete records of the Collateral, and Lender or any of its agents shall have the right to inspect the Collateral wherever located and to visit Borrower's place or places of business, during normal business hours after reasonable prior notice by Lender and without Borrower's hindrance or delay, to inspect, audit, check and make extracts from any copies of books, records, journals, orders, receipts and correspondence that relate to the Collateral or to the general financial condition of Borrower. Lender may temporarily remove any of the Borrower's records for the purpose of having copies made thereof.

6.4 *Liens; Transfers of Collateral*. Borrower will not (a) assign, license, hypothecate, mortgage, sell or otherwise transfer any right, title or interest in or to any accounts or other Collateral other than Permitted Transfers nor (b) create or permit to be created any lien, encumbrance or security interest of any kind on any of its accounts, contract rights or inventory other than Permitted Liens. "*Permitted Transfers*" means any conveyance, sale, lease, transfer or disposition by the Borrower of (i) inventory in the ordinary course of business; (ii) licenses and similar arrangements for the use of the property of the Borrower in the ordinary course of business; or (iii) surplus, worn-out or obsolete Collateral. "*Permitted Liens*" means (i) liens for purchase money or capital lease obligations a true, correct and complete list of which is attached as *Schedule 1* hereto; *provided*, that, any such lien encumbers only the asset so purchased or acquired; (ii) liens arising from filing UCC financing statements regarding capital leases set forth in *Schedule 1* hereto; (iii) liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings and for which the Borrower maintains adequate reserves in accordance with GAAP; (iv) liens of carriers, warehousemen, mechanics, materialmen, vendors and landlords incurred in the ordinary course of business for sums not overdue or being contested in good faith; (vi) deposits under workers'

compensation, unemployment insurance and social security laws or to secure the performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, or to secure statutory obligations of surety or appeal bonds or to secure indemnity, performance or other similar bonds in the ordinary course of business; and (vii) licenses and sublicenses granted in the ordinary course of the Borrower's business and any interest or title of a licensor or under any license or sublicense.

6.5 *Existence*. Borrower will maintain its corporate existence in good standing and comply with all laws and regulations of the United States or any State or political subdivision thereof, or of any governmental authority which may have jurisdiction over it or its business.

6.6 *Taxes.* Borrower will pay all real and personal property taxes, assessments and charges as well as all franchise, income, unemployment, old age benefit, withholding, sales and other taxes assessed against it, or payable by it at such times and in such manner as to prevent any penalty from accruing or any lien or charge from attaching to its property, and will furnish the Lender upon request, receipts, or other evidence that deposits or payments have been made.

6.7 *Dividends.* Borrower will pay no dividends either in cash or kind on any class of its capital stock nor make any distribution on account of its stock, nor redeem, purchase or otherwise acquire directly or indirectly any of its stock.

6.8 *Loans*. Borrower will not make any loans or advances to any individual, firm or corporation, including without limitation, its officers and employees; provided, however, that Borrower may make advances to its employees, including its officers, with respect to expenses incurred by such employees in the usual course of Borrower's business when such expenses are reimbursable by Borrower.

6.9 *Securities*. Borrower will not invest in or purchase any stock or securities or other instrument of any individual, firm or corporation.

6.10 *Merger.* Borrower will not, until the earlier of June 8, 2001 at 5:00 p.m. California time or upon Borrower's receipt of a written termination notice from Lender: (i) solicit or encourage the initiation or submission of any expression of interest, inquiry, proposal or offer from any person or entity (other than Lender) relating to a possible Acquisition Transaction; (ii) participate in any discussion or negotiations or enter into any agreement with, or provide any non-public information to, any person or entity (other than Lender) relating to or in connection with a possible Acquisition Transaction; or (iii) entertain, consider or accept any proposal or offer from any person or entity (other than Lender) relating to a possible Acquisition Transaction. An "Acquisition Transaction" means any transaction involving: (A) the sale, license, disposition or acquisition of all or a material portion of the business or assets of Borrower or any direct or indirect subsidiary or division of Borrower; (B) the issuance, grant, disposition or acquisition of (x) any capital stock or other equity security of Borrower or any direct or indirect subsidiary of Borrower, (y) any option, call warrant or right to acquire any capital stock or other equity security of Borrower or any direct or indirect subsidiary of Borrower or (z) any security, instrument or obligation that is or may become convertible into or exchangeable for any capital stock or other equity security of Borrower or any direct or indirect subsidiary of Borrower; or (C) any merger, consolidation, business combination, share exchange, reorganization or similar transaction involving Borrower or any direct or indirect subsidiary of Borrower; *provided, however*, that the issuance of stock by Borrower to its employees upon the exercise of outstanding stock options will not be deemed to be an "*Acquisition Transaction*."

6.11 *Sales*. Borrower will not sell or dispose of any of its assets except for Permitted Transfers.

6.12 *Guaranty.* Borrower will not enter into any agreement of guaranty of the obligation of any individual, partnership, trust or corporation, including affiliates.

6.13 *Government Accounts*. Borrower will immediately notify Lender if any of Borrower's accounts arise out of contracts with the United States, any state or municipality, or any department,

agency or instrumentality thereof, and execute any instruments and take any steps required by Lender in order that all monies due and to become due under such contracts shall be assigned to Lender.

6.14 *Reimbursement.* Borrower will reimburse Lender on demand for and indemnify and hold harmless Lender, its officers, directors, employees, agents, attorneys, representatives and stockholders from and against any sums paid or advanced by Lender to satisfy any tax, lien or security interest or other encumbrance on the Collateral, to provide insurance on the Collateral as contemplated herein or to pay for the maintenance and preservation of the Collateral; *provided however*, that Lender shall not be obligated to make any such payments or deposits. Any such sums paid or advanced by Lender shall be deemed secured by the Collateral and constitute part of the Obligations.

6.15 *Use of Loan Proceeds*. The Borrower shall use proceeds of the Loan to fund those items identified on the Quarterly Summary Forecast attached hereto as Exhibit B and for the payment of such other obligations of the Borrower which may hereafter be approved by the Lender in its sole and absolute discretion.

6.16 *Financial Reporting.* Borrower will deliver to Lender promptly upon request such financial and other information regarding the Borrower, its assets or the Collateral as the Lender shall reasonably request from time to time.

6.17 *Repair.* Borrower will maintain its equipment and property in good repair and working order, normal wear and tear excepted.

6.18 *Confidentiality.* Borrower shall not disclose the terms of this Agreement or the Note to third parties except to its officers, directors, employees and agents.

6.19 *Continuing Representations.* The representations and warranties herein are continuing. In the event that any obligation, representation or warranty is no longer true, correct, or to be achieved, Borrower will immediately notify Lender in writing.

7. *DEFAULT.* Borrower shall be in default under this Agreement and under any other agreement with the Lender upon the happening of any of the following events or conditions, without demand or notice from Lender (unless otherwise provided by law) (each, an "*Event of Default*"):

(1)

Failure of Borrower to pay when due any Obligation, whether by maturity, acceleration or otherwise under this Agreement, the Notes or any of the other Loan Documents.

(2)

Except with respect to the obligations of Borrower set forth in Section 6.10 and Section 6.18 of this Agreement, failure of Borrower to perform, or breach of, any of its agreements, warranties or representations set forth in this Agreement and such breach or failure continues for a period of five (5) days thereafter or in any agreement with any other person or organization for borrowed money or lease of real or personal property resulting in a right by such third party to accelerate the maturity of any amounts owed thereunder in an amount in excess of $50,000 provided that the Event of Default hereunder caused by the occurrence of a default under another agreement described in this Section shall be automatically cured for purposes of this Agreement upon the cure or waiver of the default under such other agreement.

(3)

Failure of the Borrower to perform, or breach of, any of its agreements, warranties or representations set forth in Section 6.10 and Section 6.18 of this Agreement;

(4)

Failure of the Borrower to perform, or a breach of, any of its agreements, warranties or representations set forth in any of the Loan Documents and such failure or breach continues for a period of five (5) days thereafter;

(5)

Borrower's failure to perform any covenant or agreement, or breach of any representation or warranty, set forth in the letter agreement dated of even date herewith between Borrower and

---

Lender wherein Borrower has agreed, among other things, not to consider, discuss or enter into any Acquisition Transaction with a party other than Lender for a specified period of time.

(6)

Material loss or theft, substantial damage or destruction or unauthorized sale or encumbrance of any material portion of the Collateral in excess of reasonably expected recoveries under insurance policies, or the making of any levy on, or seizure or attachment of a material portion of the Collateral;

(7)

Dissolution, liquidation, termination of existence, insolvency or business failure of the Borrower or the appointment of a custodian or receiver of any part of Borrower's property, or an assignment or trust mortgage for the benefit of creditors by Borrower, or the recording or existence of any lien for unpaid taxes, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower, or service upon the Lender of any writ, summons, or process designed to affect any account or property of Borrower or a declaration of intent by Borrower to effect any of the foregoing; or

(8)

The institution by or against Borrower or any indorser or guarantor of any Note of any proceedings under the United States Bankruptcy Code or any other federal or state bankruptcy, reorganization, receivership, insolvency or other similar law affecting the rights of creditors generally or the making by the Borrower or any indorser or guarantor of any Note of an assignment or trust mortgage for the benefit of creditors or a declaration of intent by the Borrower to effect any of the foregoing.

8. *SECURED PARTY'S RIGHTS UPON DEFAULT.* Lender shall, upon the occurrence of an Event of Default and during the continuance of an Event of Default, without presentment, demand, notice, protest or advertisement of any kind have the following rights and remedies in addition to all other rights and remedies of the Lender at law or equity arising under this or any other agreement between the parties or otherwise or afforded by the Uniform Commercial Code as from time to time in effect in the State of California or afforded by other applicable law.

8.1 *Acceleration.* The Lender may make all Obligations immediately due and payable without presentment, demand, protest, hearing or notice of any kind and may exercise the rights of a secured party under law or under the terms of this or any other agreement with the Borrower.

8.2 *Possession.* The Lender may enter and take possession of all equipment, inventory and other Collateral and the premises on which they are located, and in the Lender's sole discretion operate and use Borrower's equipment, whether or not Collateral hereunder, complete work in process, apply as Borrower's attorney-in-fact for domestic or foreign patents or other intellectual property rights with respect to inventions and seek registration or assignment, foreign and domestic, of any trademarks, trade names, styles, logos or copyrights, and sell, lease or license the Collateral to third persons or associations without being liable to Borrower on account of any losses, damage or depreciation that may occur as a result thereof so long as Lender shall act reasonably and in good faith; and at the Lender's option and without notice to Borrower (except any notice required by law) Lender may sell, lease, assign and deliver the whole or any part of the Collateral, or

any substitute therefor or any addition thereto, at public or private sale, for cash, upon credit, or for future delivery, at such prices and upon such terms as Lender deems advisable, including without limitation, the right to sell or lease in conjunction with other property, real or personal, and allocate the sale or lease proceeds among the items of property sold without the necessity of the Collateral being present at any such sale or lease, or in view of prospective purchasers thereof. Upon such sale, Lender may become the purchaser of the whole or any part of the Collateral, discharged from all claims and free from any right of redemption. In case of any such sale by Lender of all or any of said Collateral on credit or for future delivery, property so sold may be retained by Lender until the selling price is paid by the purchaser. Lender shall incur no liability in case of the failure of the purchaser to take up and pay for the property so sold. In case of any such failure, the said property may again be sold.

8.3 *License.* Borrower hereby grants to Lender the right and license to enter and use all premises or places of business which Borrower presently has or may hereafter have and where any of said Collateral may be located, and the Lender may use all machinery and equipment owned or leased by Borrower and all goodwill, patents, patent rights, trademarks, trademark rights, copyrights, rights to copyrights, trade names, or logos, whether or not Collateral hereunder, for a total license fee of $1 for the entire period, provided, however, that Lender agrees not to exercise such right and license except during the continuance of an Event of Default hereunder.

8.4 *Assemblage.* Borrower will assemble the Collateral in a single location at a place to be designated by Lender and make the Collateral at all times secure and available to Lender.

8.5 *Power of Attorney and Notification.* Upon the occurrence and during the continuance of an Event of Default, at Borrower's expense the Lender in its own name or in the name of others may communicate with account debtors in order to verify with them to Lender's satisfaction the existence, amount and terms of any accounts or contract rights and also notify account debtors of the Lender's security interest in the Collateral and that payments shall be made directly to Lender. Upon request of Lender, Borrower will so notify such account debtors and will indicate on all billings to such account debtors that their accounts must be paid to Lender. Borrower does hereby appoint Lender and its agents as Borrower's attorney-in-fact effective upon the occurrence and during the continuance of an Event of Default: to execute and file any financing statements or similar documents; to collect, compromise, endorse, sell or otherwise deal with the Collateral or proceeds thereof in its own name or in the name of the Borrower; to endorse the name of Borrower upon any notes, checks, drafts, money orders, or other instruments, documents, receipts or Collateral that may come into its possession and to apply the same in full or part payment of any amounts owing to Lender; to sign and endorse the name of Borrower upon any documents, instruments, drafts against account debtors, assignments, verifications and notices in connection with accounts, and any instrument or document relating thereto or to Borrower's rights therein; and to give written notice to any office and officials of the United States Post Office to effect such change or changes of address that all mail addressed to Borrower may be delivered directly to Lender. Borrower hereby grants to its said attorney-in-fact full power to do any and all things necessary to be done in and about the premises as fully and effectually as Borrower might or could do, and hereby ratifies all that its attorney-in-fact shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest, is effective during the continuance of an Event of Default and is irrevocable for the term of this Agreement for all transactions hereunder and thereafter as long as Borrower may be indebted to Lender.

8.6 *Limitation on Duties Regarding Preservation of Collateral.* The sole duty of the Lender with respect to the custody, safekeeping and preservation of the Collateral shall be to deal with it in the same manner as such Lender deals with similar property for its own account. Neither the Lender nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Borrower or otherwise.

9. *DEBTOR'S OBLIGATION TO PAY EXPENSES OF SECURED PARTY.* Borrower shall pay to Lender on demand any and all reasonable counsel fees and other expenses incurred by the Lender in connection with the interpretation of this Agreement, documents relating thereto or modifications thereof, and any and all expenses (including, but not limited to, a collection charge on all accounts collected, all attorney's fees and expenses, and all other expenses of like or unlike nature) that may be incurred or paid by the Lender to obtain or enforce payment of any account against the account debtor, Borrower or any guarantor or surety of Borrower, or in the prosecution or defense of any action or concerning any matter growing out of or connected with the subject matter of this Agreement including, without limitation, expenses incurred in pursuing remedies under Section 8 of this Agreement, the Obligations, the Collateral or any of Lender's rights or interests therein or thereto, including (without limiting the generality of the foregoing) any counsel fees or expenses incurred in any

bankruptcy or insolvency proceedings. All such expenses may be added to the principal amount of any indebtedness owed by Borrower to Lender and shall constitute part of the Obligations secured hereby.

10. *NOTICES.* Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon receipt, when delivered personally or by courier, overnight delivery service or confirmed facsimile, or forty-eight (48) hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, if such notice is addresses to the party to be notified at such party's address or facsimile number as set forth on the signature page hereto or as subsequently modified by written notice.

11. *WAIVERS.* Borrower waives demand, presentment, protest, and notice of protest notice of nonpayment and all other notices. No delay or omission by Lender in exercising any rights shall operate as a waiver of such right or any other right. Waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. All Lender's rights and remedies, whether evidenced hereby or by any other agreement, instrument or paper, shall be cumulative and may be exercised singularly or concurrently.

12. *TERMINATION.* This Agreement and the security interest shall terminate when all the Obligations have been paid in full, at which time the Lender shall execute and deliver to the Borrower, at the Borrower's expense, all Uniform Commercial Code termination statements and similar documents which the Borrower shall reasonably request to evidence such termination and release of the Collateral hereunder.

13. *CONSTRUCTION.* The laws of the State of California and the California Uniform Commercial Code, as enacted and amended from time to time, shall govern the construction of this Agreement and the rights and duties of the parties hereto; this Agreement shall be deemed to be under seal and executed as of the day and date referred to above.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

(Signature Page to Loan and Security Agreement)

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Security Agreement to be executed and delivered as of the date first set forth above.

DEBTOR:	**SECURED PARTY:**
LAUNCH MEDIA, INC.	YAHOO! INC.
By: /s/ David B. Goldberg	By: /s/ Susan Decker
Title: CEO	Title: Senior Vice President, Finance and Chief Financial Officer
Address: 2700 Pennsylvania Avenue Santa Monica, California 90404	Address: 701 First Avenue Sunnyvale, California 94089
Facsimile No.: (310) 526-4400	Facsimile No.: (408) 349-3485

QuickLinks

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (hereinafter referred to as the "*Agreement*"), is dated as of May 25, 2001, by and between Launch Media, Inc., a Delaware corporation with a principal place of business located at 2700 Pennsylvania Avenue, Santa Monica, California 90404 (hereinafter referred to as the "*Company*"), and Yahoo! Inc., a Delaware corporation with a principal place of business located at 701 First Avenue, Sunnyvale, California 94089 (hereinafter referred to as the "*Secured Party*").

1. *Definitions*. The following terms, as used herein, shall have the respective meanings set forth below:

"*Copyrights*" means all copyrights, whether now existing or hereafter acquired, all registrations thereof, and all applications in connection therewith, including, without limitation, those described in Schedule 1 hereto, and all reissues, extensions or renewals thereof.

"*Copyright License*" means any agreement now or hereafter in existence providing for the grant by or to the Company or any right to exercise any Copyright, including, without limitation, those described in Schedule 1 hereto.

"*Copyright Office*" means the United States Copyright Office.

"*Loan Agreement*" means the Loan and Security Agreement, dated as of May 25, 2001, by and between the Company and Secured Party.

"*Note*" means any secured promissory note executed by the Company pursuant to the Loan Agreement.

"*Patent and Trademark Office*" means the United States Office of Patents and Trademarks.

"*Patent License*" means all agreements, whether written or oral, providing for the grant by or to the Company of any right to manufacture, use or sell and invention covered by a Patent, including, without limitation, those described in Schedule 1 hereto.

"*Patents*" means all patents and patent applications (including each patent and patent application described on Schedule 1 hereto), including without limitation, the inventions and improvements described therein, together with the reissues, divisions, continuations, renewals, extensions and continuations in part thereof.

"*Trademark License*" means any written agreement granting any right to use any Trademark or Trademark registration, now owned or hereafter acquired by the Company or in which the Company now holds or hereafter acquires any interest.

"*Trademarks*" means all trademarks and trademark applications (including each trademark and trademark application set forth on *Schedule 1* hereto), together with the reissues, divisions, continuations, renewals, extensions, and continuations thereof.

"*Secured Obligations*" means all debts, loans and liabilities hereunder and all other debts and liabilities of the Company to Secured Party of every kind and description, whether now existing or hereafter arising, including, but not limited to (i) the loan made by the Secured Party to the Company in the total aggregate amount of up to $3,000,000 as evidenced by one or more Notes, including all interest, fees, charges and expenses, and including, but not limited to, expenses with respect to the enforcement of any rights and remedies of the Company hereunder and (ii) any liabilities of the Company pursuant to the Loan Agreement by and between the Company and the Secured Party dated May 25, 2001.

2. *Grant of Security Interest.* As security for the prompt and complete payment and performance of all the Secured Obligations, together with any and all expenses which may be incurred by the

---

Secured Party in collecting any or all of such Secured Obligations or enforcing any rights, obligations or liabilities under this Agreement, the Company hereby grants a security interest to the Secured Party in all of the Company's right, title and interest in, to and under the following, whether presently existing or hereafter arising or acquired (collectively, the "*Collateral*"):

(a) all Copyrights;

(b) all Copyright Licenses;

(c) all proceeds and products of each Copyright and Copyright License, including without limitation, all income, royalties, damages and payments now or hereafter due and/or payable with respect to any Copyright or Copyright License, including damages and payments for past or future infringements thereof, the right to sue for past, present and future infringements thereof, and all rights corresponding thereto throughout the world (clauses (a) through (c) collectively the "*Copyright Collateral*");

(d) all Trademarks;

(e) all Trademark Licenses;

(f) all proceeds and products of each Trademark and Trademark License, including without limitation, all income, royalties, damages and payments now or hereafter due and/or payable with respect to any Trademark or Trademark License, including damages and payments for past or future infringements thereof, the right to sue for past, present and future infringements thereof, and all rights corresponding thereto throughout the world (clauses (d) through (f), collectively the "*Trademark Collateral*");

(g) all Patents;

(h) all Patent Licenses;

(i) all proceeds and products of each Patent and Patent License, including without limitation, all income, royalties, damages and payments now or hereafter due and/or payable with respect to any patent or Patent License, including damages and payments for past or future infringements thereof, the right to sue for past, present and future infringements thereof, and all rights corresponding thereto throughout the world (clauses (G0 through (I), collectively the "*Patent Collateral*");

(j) causes of action, claims and warranties now or hereafter owned or acquired by the Company in respect of any of the items listed above; and

(k) all proceeds of any of the Collateral described in clauses (a) through (j).

Notwithstanding the foregoing provisions of this Section 2, such grant of security interest shall not extend to, and the term "Collateral" shall not include, any of the foregoing which are now or hereafter held by the Company to the extent that (i) the same are not assignable or capable of being encumbered as a matter of law or under the terms of any agreement applicable thereto (but solely to the extent that any such restriction shall be enforceable under applicable law), without the consent of the other applicable party thereto and (ii) such consent has not been obtained; *provided*, *however*, that such grant of security interest shall extend to, and the term "Collateral" shall include (A) any and all proceeds of the foregoing to the extent that the assignment or encumbering of such proceeds is not so restricted and (B) upon any other applicable party's consent being obtained with respect to any of the foregoing that is otherwise excluded, thereafter the same as well as any and all proceeds thereof that might have theretofore been excluded from such grant of a security interest shall be included within the term "Collateral."

3. *Representations and Warranties.* As an inducement to the Secured Party to enter into this Agreement, the Company makes the following representations and warranties:

(a) Schedule 1 sets forth a complete and correct list of all Copyrights, Copyright Licenses, Trademarks, Trademark Licenses, Patents and Patent Licenses in which the Company has any right, title or interest.

(b) The Company is the sole beneficial owner of the Collateral, free and clear of any liens, encumbrances, security interests, charges, or claims, except for the collateral assignment and security interest in favor of the Secured Party provided for herein, and the Company agrees that it will not grant any security interest, lien or encumbrance in the Collateral without prior written consent of the Secured Party.

(c) Except pursuant to Copyright Licenses, Trademark Licenses and Patent Licenses entered into by the Company in the ordinary course of business, which are listed in Schedule 1, the Company owns and possesses the right to use, and has done nothing to authorize or enable any other person or entity to use, the Copyrights, Trademarks and Patents listed on Schedule 1, and all registrations listed on Schedule 1 are valid and in full force and effect.

(d) Except as disclosed on Schedule 1, to the best of the Company's knowledge (i) there is no violation by others of any right of the Company with respect to any Copyright, Trademark or Patent listed on Schedule 1, (ii) the Company is not infringing in any respect upon any Copyright, Trademark or Patent of any other person or entity, and (iii) no proceedings have been instituted or are pending against the Company, or to the Company's knowledge, threatened, alleging any such violation.

The Company agrees that it will at its expense and at the Secured Party's request, (i) defend the Collateral (subject to its reasonable business judgment) from any and all claims and demands of any other person or entity and (ii) that it will not grant, create or permit to exist any lien or encumbrance upon the Collateral in favor of any other person or entity, except to the extent existing on the date hereof. The Company hereby agrees to pay, indemnify, and hold the Secured Party harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses of disbursements of any kind or nature whatsoever with respect to the Collateral, including, without limitation, claims of patent infringement.

4. *Continued Use of the Copyrights, Trademarks and Patents.* During the term of this Agreement, the Company shall utilize and employ the Copyrights, Trademarks and Patents listed on Schedule 1 hereto in the same or similar manner as it has in the past, and shall employ the appropriate notice of such Copyrights, Trademarks and Patents in connection with the works for which such Copyrights, Trademarks and Patents were granted. The Company agrees to use its best ability to maintain the registration of the Copyrights, Trademarks and Patents listed on Schedule 1 hereto in full force and effect by taking any action which it believes necessary in its reasonable business judgment, through attorneys of its choice, all at its expense. In the event that any of the Copyrights, Trademarks or Patents are infringed by a third party, so as to have a material adverse effect on the Collateral or the Secured Party's rights with respect thereto, or if such infringement gives rise to litigation or to the filing of a claim or notice of opposition with the Copyright Office or Patent and Trademark Office, as applicable, the Company shall promptly notify the Secured Party. Any damages recovered from the infringing party (less attorney's fees and court costs) shall be deemed to be part of the Copyright Collateral, Trademark Collateral or Patent Collateral. The Company shall not assign this Agreement or any rights in the Copyright Collateral, Trademark Collateral or Patent Collateral or the material protected thereby without the prior written approval of the Secured Party and such attempted assignment shall be void *ab initio*.

5. *Continuing Liability.* The Company hereby expressly agrees that, anything herein to the contrary notwithstanding, it shall remain liable under each license, interest and obligation which is the subject of the security interest granted to the Secured Party hereunder to observe and perform all the conditions and obligations to be observed and performed by the Company thereunder, all in accordance with and pursuant to the terms and provisions thereof. The Secured Party shall not have any obligation or liability under any such license, interest or obligation by reason of or arising out of this Agreement or the receipt by the Secured Party of any payment relating to any such license, interest or obligation pursuant hereto, nor shall the Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of the Company thereunder or pursuant thereto, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any such license, interest or obligation, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at time or times.

6. *New Copyrights, Trademarks and Patents.* If the Company shall (a) obtain and rights to any new Copyright, (b) obtain rights to any new Trademarks or become entitled to the benefit of any Trademark application or Trademark for any reissue, division, continuation, renewal, extension, or continuation of any Trademark listed on Schedule 1 or (c) obtain right to any Patents or become entitled to the benefit of any Patent application or Patent for any reissue, division, continuation, renewal or extension, or continuation in part of any Patent listed on Schedule 1, the Company shall give to the Secured Party prompt notice thereof in writing hereof, and shall execute and deliver, and cause to be filed with the Copyright Office or the Patent and Trademark Office, as applicable, a modification

of this Agreement amending Schedule 1 hereto to include such new Trademark thereon. Notwithstanding the foregoing, the Company hereby irrevocably appoints the Secured Party its true and lawful attorney (such appointment coupled with an interest), with full power of substitution, to execute an amendment of this Agreement on behalf of the Company amending Schedule 1 hereto to include such new Copyright, Trademark or Patent.

7. *Default.* In the event (a) any representation of the Company set forth herein shall have not been true and correct in all material respects when made; (b) the Company shall fail to observe or perform any of its obligations, undertakings, or responsibilities hereunder for more than five (5) days after the date on which such observation or performance is required; or (c) an event of default as defined in the Loan Agreement shall have occurred, an event of default shall, without notice or demand, occur hereunder (each of the foregoing, an "*Event of Default*").

8. *Remedies.* (a) If an Event of Default has occurred and is continuing, the Secured Party may exercise, in addition to all other rights and remedies granted to it in this Agreement and all documents, instruments, and agreements executed in connection therewith, all rights and remedies of a secured party under the Uniform Commercial Code and other applicable law. Without limiting the generality of the foregoing, the Company expressly agrees that in any such event the Secured Party, without demand of performance or other demand, advertisement or notice of any kind (except as required by applicable law) to or upon the Company or any other person or entity (all and each of which demands, advertisements and/or notices are hereby expressly waived), may forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, license, assign, give an option or options to purchase, or sell or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange, broker's board or at any of the Secured Party's offices or elsewhere at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Company, which right or equity is hereby expressly waived and released. To the extent permitted by applicable law, the Company waives all claims,

damages and demands against the Secured Party arising out of the repossession, retention or sale of the Collateral. In this regard, the Company hereby expressly waives any and all rights under Section 1542 of the California Civil Code, which reads in full as follows:

"Section 1542. General Release. A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

(b) Without limiting the generality of the foregoing, upon the occurrence and during the continuance of an Event of Default,

(i) the Secured Party may license, or sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any Copyrights, Trademarks or Patents included in the Collateral throughout the world for such term or terms, on such conditions and in such manner as the Secured Party shall in its sole discretion determine, the proceeds of such license or sublicense to be applied to the payment of the Secured Obligations; and

(ii) the Secured Party may (without assuming any obligations or liability thereunder), at any time and from time to time, enforce (and shall have the exclusive right to enforce) against any licensee or sublicensee all rights and remedies of the Company in, to and under any Copyright Licenses, Trademark Licenses or Patent Licenses and take or refrain from taking any action under any thereof, and the Company hereby releases the Secured Party from, and agrees to hold the Secured Party free and harmless from and against, any claims arising out of any lawful action so taken or omitted to be taken with respect thereto other than any claims arising by reason of the Secured Party's own gross negligence or willful misconduct.

9. *Grant of License to Use Intangibles.* For the purpose of enabling the Secured Party to exercise rights and remedies under Section 8 hereof at such time as the Secured Party, without regard to this Section 9, shall be lawfully entitled to exercise such rights and remedies and for no other purpose, the Company hereby grants to the Secured Party an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Company) to use, assign, license or sublicense any of the Collateral, whether now owned or hereafter acquired by the Company, and wherever the same be located, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout thereof.

10. *Power of Attorney.* The Company hereby irrevocably appoints the Secured Party its true and lawful attorney (such appointment coupled with an interest), with full power of substitution, in the name of the Company, the Secured Party, or otherwise, for the sole use and benefit of the Secured Party, but at the Company's expense, to exercise (to the extent permitted by law), at any time and from time to time upon the occurrence and during the continuance of an Event of Default, all or any of the following powers with respect to all or any of the Collateral:

(a) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due thereon or by virtue thereof;

(b) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;

(c) to sell, transfer, assign or otherwise deal in or with the same or the proceeds or avails thereof, as fully and effectually as if the Secured Party were the absolute owner thereof;

(d) to extend the time of payment of any or all thereof and to make any allowance and other adjustments with reference thereto; and

(e) the power to prosecute and defend or take any other action to preserve any Patent or Trademark before the United States Patent and Trademark Office.

11. *Severability.* Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or enforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

12. *Termination.* This Agreement and the security interest shall terminate when all of the Secured Obligations have been paid in full, at which time the Secured party shall execute and deliver to the Company, at the Company's expense, all termination statements and similar documents (including, but not limited

to, any termination statements or other documents to be filed with or submitted to the Copyright Office or the Patent and Trademark Office) which the Company shall reasonably request to evidence such termination and release of the Collateral hereunder.

13. *No Waiver; Cumulative Remedies.* The Secured Party shall not, by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing, signed by the Secured Party, and then only to the extent therein set forth. A waiver by the Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Secured Party would otherwise have had on any other occasion. No failure to exercise nor any delay in exercising on the part of the Secured Party any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law.

14. *Waivers; Amendments.* None of the terms and provisions of this Agreement may be waived, altered, modified or amended except by an instrument in writing executed by the parties hereto.

15. *Limitation by Law.* All rights, remedies and powers provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions hereof are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable in whole or in part or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

16. *Successors and Assigns.* This Agreement shall be binding upon and inure to the benefit of the parties hereto and shall inure to the benefit of the Secured Party and its successors and assigns, and nothing herein or in any document, instrument, or agreement executed in connection therewith is intended or shall be construed to give any other person any right, remedy or claim under, to or in respect thereof.

17. *APPLICABLE LAW.* THIS AGREEMENT SHALL BE GOVERNED BY, AND BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA AND THE UNITED STATES OF AMERICA.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

(Signature Page to Collateral Assignment of Patents, Trademarks and Copyrights)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first set forth above.

LAUNCH MEDIA, INC.		YAHOO! INC.	
By:	/s/ David B. Goldberg	By:	/s/ Douglas P. Feick
Title:	CEO	Title:	VP, Intl. Corp. Dev.

SECURED PROMISSORY NOTE

May 25, 2001

$2,000,000 Santa Monica, California

FOR VALUE RECEIVED, Launch Media, Inc. (the "Borrower"), promises to pay to Yahoo! Inc. ("*Lender*"), or order, at Lender's offices located at 701 First Avenue, Sunnyvale, California 94089 or at such other place as the holder of this Note may designate, the principal sum of TWO MILLION DOLLARS ($2,000,000), together with interest on the unpaid principal balance of this Note from time to time outstanding at the rate of TEN PERCENT (10.0%) per annum until paid in full. The entire amount of outstanding principal, accrued interest and any unpaid fees and expenses shall be immediately due and payable without any notice, demand or any other action by holder on the earlier to occur of: (i) December 31, 2001; (ii) the occurrence of an Event of Default (as defined in the Loan Agreement); (iii) 90 days following the date of this Note in the event that discussions between Borrower and Lender with respect to a possible business combination transaction terminate prior to the execution of an acquisition agreement entered into between Lender and Borrower; (iv) except as provided in clause (v) below, 90 days following the date of termination of any acquisition agreement entered into between Lender and Borrower or (v) immediately upon the termination of any acquisition agreement entered into between Borrower and Lender if and only if such termination results from (x) the acceptance by Borrower's Board of Directors of a third party's acquisition proposal, (y) a change in recommendation by Borrower's Board of Directors regarding the proposed transaction between Borrower and Lender or a failure of the Board of Directors of Borrower to continue to support the proposed transaction, or (z) a breach of the acquisition agreement by Borrower.

Interest on this Note shall be computed on the basis of a year of 360 based upon the actual number of days elapsed. All payments by the Borrower under this Note shall be in immediately available funds.

Borrower may prepay all amounts outstanding under this Note in whole or in part at any time and from time to time without penalty.

This Secured Promissory Note is one of the Notes referred to in, and is executed and delivered pursuant to, that certain Loan and Security Agreement dated May 25, 2001, by and between Borrower and Lender (as the same may from time to time be amended, modified or supplemented in accordance with its terms, the "*Loan Agreement*"). This Note and all of the obligations hereunder, including any fees, expenses and other obligations, is entitled to the benefit and security of the Loan Agreement and the other Loan Documents (as defined in the Loan Agreement), to which reference is made for a statement of all of the terms and conditions thereof. Expenses incurred in connection with the Loan Documents shall be added to the principal amount of this Note in accordance with the provisions set forth in Section 9 of the Loan Agreement and shall constitute part of the Obligations secured under the Loan Agreement. All terms used herein and not otherwise defined herein shall have the same definitions as set forth in the Loan Agreement.

This Note, and all accrued and unpaid interest thereon, and any unpaid fees and expenses shall become immediately due and payable without any notice, demand or any other action by holder upon the occurrence at any time of any Event of Default (as defined in the Loan and Security Agreement).

Upon the occurrence of an Event of Default, and in addition to all other rights and remedies of the holder at law or equity arising under this or any other agreement between the parties or otherwise, the holder shall have then, or at any time thereafter, all of the rights and remedies afforded by the Uniform Commercial Code as from time to time in effect in the State of California or afforded by other applicable law.

All payments by the Borrower under this Note shall be made without set-off or counterclaim and be free and clear and without any deduction or withholding for any taxes or fees of any nature whatever, unless the obligation to make such deduction or withholding is imposed by law. The

---

Borrower shall pay and save the holder harmless from all liabilities with respect to or resulting from any delay or omission to make any such deduction or withholding required by law.

Whenever any amount is paid under this Note, all or part of the amount paid may be applied to principal or interest in such order and manner as shall be determined by the holder in its discretion.

No reference in this Note to the Loan Agreement or the other Loan Documents or any guaranty shall impair the obligation of the Borrower, which is absolute and unconditional, to pay all amounts under this Note strictly in accordance with the terms of this Note.

The Borrower agrees to pay on demand all costs of collection, including reasonable attorneys' fees, incurred by the holder in enforcing the obligations of the Borrower under this Note.

No delay or omission on the part of the holder in exercising any right under this Note or the Security Agreement shall operate as a waiver of such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The Borrower and every indorser or guarantor of this Note regardless of the time, order or place of signing waives presentment, demand, protest and notices of every kind and assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of collateral, and to the addition or release of any other party or person primarily or secondarily liable.

Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest under the UCC or any applicable law.

None of the terms or provisions of this Note may be excluded, modified or amended except by a written instrument duly executed on behalf of the holder expressly referring to this Note and setting forth the provision so excluded, modified or amended.

The rights and obligations of Borrower and Lender shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties. Borrower may not assign, transfer or delegate any of its rights, obligations or liabilities hereunder without the prior written consent of the other party.

All rights and obligations hereunder shall be governed by the laws of the State of California and this Note is executed as an instrument under seal.

ATTEST: LAUNCH MEDIA, INC.

By: /s/ JEFFREY M. MICKEAL By: /s/ DAVID B. GOLDBERG

Print Name:	Jeffrey M. Mickeal	Print Name:	David B. Goldberg
Title:	Chief Financial Officer	Title:	C.E.O.

SECURED PROMISSORY NOTE

June 28, 2001

$1,200,000 Santa Monica, California

FOR VALUE RECEIVED, Launch Media, Inc. (the "Borrower"), promises to pay to Yahoo! Inc. ("*Lender*"), or order, at Lender's offices located at 701 First Avenue, Sunnyvale, California 94089 or at such other place as the holder of this Note may designate, the principal sum of ONE MILLION TWO HUNDRED THOUSAND DOLLARS ($1,200,000), together with interest on the unpaid principal balance of this Note from time to time outstanding at the rate of TEN PERCENT (10.0%) per annum until paid in full. The entire amount of outstanding principal, accrued interest and any unpaid fees and expenses shall be immediately due and payable without any notice, demand or any other action by holder on the earlier to occur of: (i) December 31, 2001; (ii) the occurrence of an Event of Default (as defined in the Loan Agreement); (iii) 90 days following the date of this Note in the event that discussions between Borrower and Lender with respect to a possible business combination transaction terminate prior to the execution of an acquisition agreement entered into between Lender and Borrower; (iv) except as provided in clause (v) below, 90 days following the date of termination of any acquisition agreement entered into between Lender and Borrower or (v) immediately upon the termination of any acquisition agreement entered into between Borrower and Lender if and only if such termination results from (x) the acceptance by Borrower's Board of Directors of a third party's acquisition proposal, (y) a change in recommendation by Borrower's Board of Directors regarding the proposed transaction between Borrower and Lender or a failure of the Board of Directors of Borrower to continue to support the proposed transaction, or (z) a breach of the acquisition agreement by Borrower.

Interest on this Note shall be computed on the basis of a year of 360 based upon the actual number of days elapsed. All payments by the Borrower under this Note shall be in immediately available funds.

Borrower may prepay all amounts outstanding under this Note in whole or in part at any time and from time to time without penalty.

This Secured Promissory Note is one of the Notes referred to in, and is executed and delivered pursuant to, that certain Loan and Security Agreement dated May 25, 2001, by and between Borrower and Lender as amended by the First Amendment to Loan and Security Agreement dated as of June 27, 2001 (as the same may from time to time be further amended, modified or supplemented in accordance with its terms, the "*Loan Agreement*"). This Note and all of the obligations hereunder, including any fees, expenses and other obligations, is entitled to the benefit and security of the Loan Agreement and the other Loan Documents (as defined in the Loan Agreement), to which reference is made for a statement of all of the terms and conditions thereof. Expenses incurred in connection with the Loan Documents shall be added to the principal amount of this Note in accordance with the provisions set forth in Section 9 of the Loan Agreement and shall constitute part of the Obligations secured under the Loan Agreement. All terms used herein and not otherwise defined herein shall have the same definitions as set forth in the Loan Agreement.

This Note, and all accrued and unpaid interest thereon, and any unpaid fees and expenses shall become immediately due and payable without any notice, demand or any other action by holder upon the occurrence at any time of any Event of Default (as defined in the Loan and Security Agreement).

Upon the occurrence of an Event of Default, and in addition to all other rights and remedies of the holder at law or equity arising under this or any other agreement between the parties or otherwise, the holder shall have then, or at any time thereafter, all of the rights and remedies afforded by the Uniform Commercial Code as from time to time in effect in the State of California or afforded by other applicable law.

All payments by the Borrower under this Note shall be made without set-off or counterclaim and be free and clear and without any deduction or withholding for any taxes or fees of any nature

---

whatever, unless the obligation to make such deduction or withholding is imposed by law. The Borrower shall pay and save the holder harmless from all liabilities with respect to or resulting from any delay or omission to make any such deduction or withholding required by law.

Whenever any amount is paid under this Note, all or part of the amount paid may be applied to principal or interest in such order and manner as shall be determined by the holder in its discretion.

No reference in this Note to the Loan Agreement or the other Loan Documents or any guaranty shall impair the obligation of the Borrower, which is absolute and unconditional, to pay all amounts under this Note strictly in accordance with the terms of this Note.

The Borrower agrees to pay on demand all costs of collection, including reasonable attorneys' fees, incurred by the holder in enforcing the obligations of the Borrower under this Note.

No delay or omission on the part of the holder in exercising any right under this Note or the Security Agreement shall operate as a waiver of such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The Borrower and every indorser or guarantor of this Note regardless of the time, order or place of signing waives presentment, demand, protest and notices of every kind and assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of collateral, and to the addition or release of any other party or person primarily or secondarily liable.

Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest under the UCC or any applicable law.

None of the terms or provisions of this Note may be excluded, modified or amended except by a written instrument duly executed on behalf of the holder expressly referring to this Note and setting forth the provision so excluded, modified or amended.

The rights and obligations of Borrower and Lender shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties. Borrower may not assign, transfer or delegate any of its rights, obligations or liabilities hereunder without the prior written consent of the other party.

All rights and obligations hereunder shall be governed by the laws of the State of California and this Note is executed as an instrument under seal.

ATTEST: LAUNCH MEDIA, INC.

By:	/s/ JEFFREY M. MICKEAL	By:	/s/ ROBERT D. ROBACK
Print Name:	Jeffrey M. Mickeal	Print Name:	Robert D. Roback
Title:	Chief Financial Officer	Title:	President

SECURED PROMISSORY NOTE

July 2, 2001

$1,000,000 Santa Monica, California

FOR VALUE RECEIVED, Launch Media, Inc. (the "Borrower"), promises to pay to Yahoo! Inc. ("*Lender*"), or order, at Lender's offices located at 701 First Avenue, Sunnyvale, California 94089 or at such other place as the holder of this Note may designate, the principal sum of ONE MILLION DOLLARS ($1,000,000), together with interest on the unpaid principal balance of this Note from time to time outstanding at the rate of TEN PERCENT (10.0%) per annum until paid in full. The entire amount of outstanding principal, accrued interest and any unpaid fees and expenses shall be immediately due and payable without any notice, demand or any other action by holder on the earlier to occur of: (i) December 31, 2001; (ii) the occurrence of an Event of Default (as defined in the Loan Agreement); (iii) 90 days following the date of this Note in the event that discussions between Borrower and Lender with respect to a possible business combination transaction terminate prior to the execution of an acquisition agreement entered into between Lender and Borrower; (iv) except as provided in clause (v) below, 90 days following the date of termination of any acquisition agreement entered into between Lender and Borrower or (v) immediately upon the termination of any acquisition agreement entered into between Borrower and Lender if and only if such termination results from (x) the acceptance by Borrower's Board of Directors of a third party's acquisition proposal, (y) a change in recommendation by Borrower's Board of Directors regarding the proposed transaction between Borrower and Lender or a failure of the Board of Directors of Borrower to continue to support the proposed transaction, or (z) a breach of the acquisition agreement by Borrower.

Interest on this Note shall be computed on the basis of a year of 360 based upon the actual number of days elapsed. All payments by the Borrower under this Note shall be in immediately available funds.

Borrower may prepay all amounts outstanding under this Note in whole or in part at any time and from time to time without penalty.

This Secured Promissory Note is one of the Notes referred to in, and is executed and delivered pursuant to, that certain Loan and Security Agreement dated May 25, 2001, by and between Borrower and Lender as amended by the First Amendment to Loan and Security Agreement dated as of June 27, 2001 (as the same may from time to time be further amended, modified or supplemented in accordance with its terms, the "*Loan Agreement*"). This Note and all of the obligations hereunder, including any fees, expenses and other obligations, is entitled to the benefit and security of the Loan Agreement and the other Loan Documents (as defined in the Loan Agreement), to which reference is made for a statement of all of the terms and conditions thereof. Expenses incurred in connection with the Loan Documents shall be added to the principal amount of this Note in accordance with the provisions set forth in Section 9 of the Loan Agreement and shall constitute part of the Obligations secured under the Loan Agreement. All terms used herein and not otherwise defined herein shall have the same definitions as set forth in the Loan Agreement.

This Note, and all accrued and unpaid interest thereon, and any unpaid fees and expenses shall become immediately due and payable without any notice, demand or any other action by holder upon the occurrence at any time of any Event of Default (as defined in the Loan and Security Agreement).

Upon the occurrence of an Event of Default, and in addition to all other rights and remedies of the holder at law or equity arising under this or any other agreement between the parties or otherwise, the holder shall have then, or at any time thereafter, all of the rights and remedies afforded by the Uniform Commercial Code as from time to time in effect in the State of California or afforded by other applicable law.

All payments by the Borrower under this Note shall be made without set-off or counterclaim and be free and clear and without any deduction or withholding for any taxes or fees of any nature whatever, unless the obligation to make such deduction or withholding is imposed by law. The

---

Borrower shall pay and save the holder harmless from all liabilities with respect to or resulting from any delay or omission to make any such deduction or withholding required by law.

Whenever any amount is paid under this Note, all or part of the amount paid may be applied to principal or interest in such order and manner as shall be determined by the holder in its discretion.

No reference in this Note to the Loan Agreement or the other Loan Documents or any guaranty shall impair the obligation of the Borrower, which is absolute and unconditional, to pay all amounts under this Note strictly in accordance with the terms of this Note.

The Borrower agrees to pay on demand all costs of collection, including reasonable attorneys' fees, incurred by the holder in enforcing the obligations of the Borrower under this Note.

No delay or omission on the part of the holder in exercising any right under this Note or the Security Agreement shall operate as a waiver of such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The Borrower and every indorser or guarantor of this Note regardless of the time, order or place of signing waives presentment, demand, protest and notices of every kind and assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of collateral, and to the addition or release of any other party or person primarily or secondarily liable.

Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest under the UCC or any applicable law.

None of the terms or provisions of this Note may be excluded, modified or amended except by a written instrument duly executed on behalf of the holder expressly referring to this Note and setting forth the provision so excluded, modified or amended.

The rights and obligations of Borrower and Lender shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties. Borrower may not assign, transfer or delegate any of its rights, obligations or liabilities hereunder without the prior written consent of the other party.

All rights and obligations hereunder shall be governed by the laws of the State of California and this Note is executed as an instrument under seal.

ATTEST: LAUNCH MEDIA, INC.

By:	/s/ JEFFREY M. MICKEAL	By:	/s/ ROBERT D. ROBACK
Print Name:	Jeffrey M. Mickeal	Print Name:	Robert D. Roback
Title:	Chief Financial Officer	Title:	President

FIRST AMENDMENT TO
LOAN AND SECURITY AGREEMENT

This First Amendment to Loan and Security Agreement (this "*First Amendment*") is made by and between Launch Media, Inc., a Delaware corporation ("*Borrower*") and Yahoo! Inc., a Delaware corporation ("*Lender*") as of this 27 day of June 2001. All capitalized terms used herein shall have the meaning set forth in the Loan and Security Agreement (as defined below) unless otherwise stated.

WHEREAS, Borrower and Lender entered into a Loan and Security Agreement dated as of May 25, 2001 (the "*Loan and Security Agreement*") whereby Borrower agreed to borrow, and Lender agreed to lend, funds in the aggregate principal amount of up to three million dollars ($3,000,000) (the "*Original Loan Amount*") subject to certain terms and conditions contained therein;

WHEREAS, Lender made the First Advance (as defined below) under the Loan and Security Agreement to Borrower on May 25, 2001 in the principal amount of two million dollars ($2,000,000) as evidenced by that certain Secured Promissory Note dated May 25, 2001 executed by Borrower in favor of Lender;

WHEREAS, in addition to the Original Loan Amount, Lender has agreed to make an additional two million dollars ($2,000,000) available to Borrower for a secured loan in an aggregate principal amount of up to five million dollars ($5,000,000) (collectively, the "Loan"); and

WHEREAS, the parties have agreed to amend the Loan and Security Agreement as herein provided.

NOW THEREFORE, the parties hereto have agreed as follows:

1. Section 1.1 of the Loan and Security Agreement shall be amended and restated in its entirety as follows:

"1.1 *Advances.* Lender agrees to make (i) an initial advance to Borrower in an aggregate amount of two million dollars ($2,000,000) on May 25, 2001 (the "*First Advance*"); (ii) a first subsequent advance in an aggregate amount of one million two hundred thousand dollars ($1,200,000) on June 28, 2001 (the "*Second Advance*"); (iii) a second subsequent advance in an aggregate amount of one million dollars ($1,000,000) on July 2, 2001 (the "*Third Advance*"), *provided* that Lender shall have no obligation to make such Third Advance if the conditions set forth on *Exhibit A* hereto have not been satisfied on or prior to July 2, 2001, and *provided further* that Lender shall have received a certificate of the Chief Financial Officer of Borrower, dated on or before July 2, 2001, that the conditions set forth on Exhibit A hereto have been satisfied in all respects; and (iv) a third subsequent advance on July 31, 2001 in an aggregate amount of either (A) eight hundred thousand dollars ($800,000) if the conditions set forth on *Exhibit B-1* hereto have been satisfied on or prior to July 31, 2001 or (B) five hundred fifty thousand dollars ($550,000) if the conditions set forth on Exhibit B-1 hereto have not been satisfied but the condition set forth on *Exhibit B-2* hereto has been satisfied on or prior to July 31, 2001 (any advance made under this subsection (iv) (A) or (B), the "*Fourth Advance*"), *provided* that Lender shall have no obligation to make such Fourth Advance if the conditions set forth on either Exhibit B-1 or Exhibit B-2 have not been satisfied on or prior to July 31, 2001, *provided further* that Lender shall have received a certificate of the Chief Financial Officer of Borrower, dated on or before July 31, 2001, that the conditions set forth on either Exhibit B-1 or Exhibit B-2 (as applicable) have been satisfied in all respects. The First Advance, Second Advance, Third Advance and Fourth Advance may each be referred to herein as an "*Advance*" and, together, as the "*Advances*". Borrower acknowledges that Lender has no obligation whatsoever to make or fund any advances other than the First Advance, the Second Advance, Third Advance and Fourth Advance, each on the terms and conditions set forth herein."

2. Section 1.2 of the Loan and Security Agreement shall be amended and restated in its entirety as follows:

"1.2 *Promissory Notes; Maturity.* Borrower promises to execute and deliver to Lender one or more secured promissory notes prepared by Lender in substantially the form attached hereto as *Exhibit A* in the original principal amount of each of the First Advance, Second Advance, Third Advance and Fourth Advance at the time that each such advance is made as evidence of such advance (each, a "*Note*"). The aggregate principal amount of the Advances shall bear interest thereon from the funding date of each such Advance (the "*Advance Date*"), at the rate of ten percent (10%) per annum, based upon a 360 day year for the actual number of days elapsed. The entire amount of outstanding principal, accrued interest and any unpaid fees and expenses under and with respect to the Advances shall be due and payable on the earlier to occur of (i) December 31, 2001; (ii) the occurrence of an Event of Default (as defined herein); (iii) 90 days following the date of the Note in the event that discussions between Borrower and Lender with respect to a possible business combination transaction terminate prior to the execution of an acquisition agreement entered into between Lender and Borrower; (iv) except as provided in clause (v) below, 90 days following the date of termination of any acquisition agreement entered into between Borrower and Lender; or (v) immediately upon the termination of any acquisition agreement entered into between Borrower and Lender if and only if such termination results from (x) the acceptance by Borrower's Board of Directors of a third party's acquisition proposal, (y) a change in recommendation by Borrower's Board of Directors regarding the proposed transaction between Borrower and Lender or a failure of the Board of Directors of Borrower to continue to support the proposed transaction, or (z) a breach of the acquisition agreement by Borrower. All of the Advances, Loan and other Obligations (as defined in Section 3 of this Agreement) arising under this Agreement, the Notes, all UCC Financing Statements, the Intellectual Property Security Agreement and any other documents executed in connection with the Obligations or the transactions contemplated hereby (the "*Loan Documents*") shall constitute one general obligation of Borrower secured by the Collateral."

3. Concurrently herewith, Borrower shall have delivered an opinion of counsel in form and substance reasonably satisfactory to Lender.

4. Except as expressly stated in this First Amendment, all of the remaining terms of the Loan and Security Agreement shall remain in full force and effect following the date hereof.

5. This First Amendment may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the date and year first written above.

LAUNCH MEDIA, INC.

By: /s/ ROBERT D. ROBACK

Name: Robert D. Roback
Title: President

YAHOO! INC.

By: /s/ SUSAN L. DECKER

Name: Susan L. Decker
Title: CFO

Exhibit A

Borrower must make certain cash payments as set forth below:

1. Payment to Universal of $150,000 in connection with the Universal Settlement not later than June 29, 2001.

2. Payment to Credit Suisse First Boston First Boston of $1,000,000 as payment for the delivery of a fairness opinion in connection with the execution of an Agreement and Plan of Merger among Lender, Borrower and Jewel Acquisition Corporation. Such payment shall be made not later than June 29, 2001.

Borrower's net cash position shall not be materially different on June 30, 2001 than the $500,000 projection formerly communicated to Lender.

Exhibit B-1

Borrower must enter into settlement agreements with Sony and BMG and make cash payments in an aggregate amount of $250,000 with respect to such settlements not later than July 31, 2001.

Borrower's net cash position shall not be materially different on July 31, 2001 than the $300,000 projection formerly communicated to Lender.

Exhibit B-2

Borrower's net cash position shall not be materially different on July 31, 2001 than the $300,000 projection formerly communicated to Lender.

QuickLinks

QuickLinks -- Click here to rapidly navigate through this document

Dated: April 27, 2000

CONFIDENTIALITY AGREEMENT

1. In connection with our mutual consideration of a possible transaction (the "*Transaction*") between Yahoo! Inc. ("*Yahoo*") and LAUNCH Media, Inc. ("*LAUNCH*"), Yahoo may have delivered or may in the future deliver to LAUNCH or its Representatives (as defined below), and LAUNCH may have delivered or may in the future deliver to Yahoo or its Representatives, certain oral and written Information (as defined below) concerning LAUNCH, Yahoo and the Transaction.

2. As used herein, "*Information*" means (i) all data, reports, analyses, compilations, studies, interpretations, forecasts, records and other materials (in whatever form maintained, whether documentary, computer storage or otherwise) that contain or otherwise reflect information concerning LAUNCH, Yahoo, any of their subsidiaries or affiliates or the Transaction, or any portion thereof, that one Party (as defined below) or its Representatives (as defined below) may provide to the other Party or its Representatives is the course of the evaluation of the Transaction ("*Provided Information*"), together with all data, reports, analyses, compilations, studies, interpretations, forecasts, records or other materials (to whatever form maintained, whether documentary, computer storage or otherwise) prepared by the Party receiving Provided Information or its Representatives that contain or otherwise reflect or are based upon, in whole or in part, any Provided Information ("*Derived Information*"), and (ii) the fact that discussions or negotiations are taking place between LAUNCH and Yahoo concerning the Transaction and all information related thereto with respect to the Transaction, including the status thereof. All used herein, "*Representatives*" means, collectively, the controlled affiliates of LAUNCH or Yahoo, as the case may be, and the respective directors, shareholders, employees, financial advisors, lenders, accountants, attorneys, agents, equity investors or controlling persons of LAUNCH or Yahoo, as the case may be, or their controlled affiliates. As sued herein, the term "*person*" shall be broadly interpreted to include, without limitations, any corporation, partnership, trust or individual; the term "*Receiving Party*" shall mean the person receiving Provided Information; and the term "*Providing Party*" shall mean the person providing Provided Information. LAUNCH and Yahoo are sometimes referred to herein individual as a "*Party*" and collectively as the "*Parties*."

3. LAUNCH and Yahoo agree that, in consideration of being furnished with the Information, all information shall be kept confidential and shall not, without the prior written consent of the Providing Party, be disclosed by the Receiving Party or its Representatives in any manner whatsoever, in whole or in part, other than to the Receiving Party's Representatives, and shall not be used, directly or indirectly, for any purpose other than in connection with evaluating the Transaction and not in any way materially detrimental to the other Party. Moreover, LAUNCH and Yahoo agree to reveal Information only to their Representatives if and to the extent that such Representatives, in the reasonable judgment of the Receiving Party, need to know any information for the purpose of evaluating the Transaction and are informed of the confidential nature of the Information and shall be bound by the terms and conditions of this Agreement. LAUNCH and Yahoo shall each be responsible for any breach of this Agreement by their respective Representatives (including Representatives who, subsequent to the first date of disclosure of Information hereunder, became former Representatives). Moreover, LAUNCH and Yahoo shall take all reasonably necessary measures to restrain their respective Representatives (or former Representatives) from unauthorized disclosure or use of the Information.

4. LAUNCH and Yahoo agree that from the date hereof up to and including the date of acceptance by either Party of any written offer from the other Party relating to the Transaction, they and their Representatives shall not, without the other Party's written consent, identify the other Party by name or by identifiable description to any other person in connection with the Transaction. Neither Yahoo nor LAUNCH shall take any action, without the written consent of the other, that could be reasonably foreseen to result in a disclosure of any Information in any filing or other required disclosure.

5. If a Transaction is not consummated or if either LAUNCH or Yahoo so requests, the other Party promptly will return to the requesting Party all copies of the Information in its possession and in

---

the possession of its Representatives, and will destroy all copies of any Derived Information, provided, however, that this Agreement will continue to apply to the return or destruction of any Information, or documents or material containing or reflecting any Information and the Parties will continue to be bound by their obligations of confidentiality and other obligations hereunder.

6. This Agreement shall not apply to such of the information as (a) is or becomes generally available to the public other than as a result of any disclosure or other action or inaction by the Receiving Party or anyone to whom the Receiving Party or any of its Representatives transmit or have transmitted any Information, (b) is or becomes known or available to the Receiving Party on all nonconfidential basis from a source (other than the other Party or any of its subsidiaries or affiliates or any of their respective Representatives or pursuant hereto) that, to the best of the Receiving Party's knowledge, is not prohibited from disclosing such Information to the Receiving Party by a contractual, legal or fiduciary obligation owed to the Providing Party or its Representatives, or (c) was independently developed by the Receiving Party without reference to the Provided Information, provided such independent development can reasonably be proven by the Receiving Party's written records.

7. LAUNCH and Yahoo (i) acknowledge that neither of them or any of their subsidiaries or affiliates or any of their respective Representatives make any representation or warranty (express or implied) as to the accuracy or completeness of any Information, and (ii) agree to assume full responsibility for all conclusions they derive from the Information. LAUNCH and Yahoo shall be entitled to, and shall, rely solely on representations and warranties made in any final agreement, if any, relating to the Transaction. Nothing contained in this Agreement nor the conveying of Information hereunder shall be construed as granting or conferring any rights by license or otherwise in any intellectual property.

8. In the event that LAUNCH and Yahoo or any person to whom they or their Representatives transmit or have transmitted Information become legally compelled (by oral quotations, interrogatories, requests for Information or documents, subpoenas, civil investigative demands or otherwise) to disclose any such Information, the Party under the legal compulsion (the "*Compelled Party*") shall provide the other Party will prompt written notice so that the other Party may seek a protective order or other appropriate remedy, or both, or waive compliance with the provisions of this Agreement. In the event that the other Party is unable to obtain a protective order or other appropriate remedy, or if it so directs the Compelled Party, the Compelled Party shall furnish only that portion of the Information that the Compelled Party is advised by written opinion of its counsel is legally required to be furnished by it and shall exercise its reasonable best efforts to obtain reliable assurance that confidential treatment shall be accorded such Information.

9. The Parties hereby acknowledge that they are aware and that their Representatives have been advised that the United States securities laws prohibit any person who has material non-public information about a company from purchasing or selling securities of such company.

10. The Parties also understand and agree that no contract or agreement providing for a Transaction with the other Party shall be deem exist between the Parties unless and until definitive Transaction agreement has been executive and delivered, and the Parties hereby waive, in advance, any claims (including, without limitation, breach of contract) in connection with a possible Transaction with the other Party unless and until the Parties shall have entered into a definitive Transaction agreement. The Parties also agree that unless and until a Transaction agreement between the Parties has been executed and delivered, the Parties have no legal obligation of any kind whatsoever that respect to any such Transaction by virtue of this agreement or any other written or oral expression with respect to such Transaction except, in the case of this Agreement, for the matters specifically agreed to herein. The Parties further understands that (i) the Parties shall be free to conduct the process for a possible Transaction as each in its sole discretion shall determine (including without limitation, negotiating with

any other prospective parties and entering into a definitive Transaction agreement with any other party without prior notices to the other Party or any other person), (ii) any procedures relating to such possible Transaction may be changed at any time without notice to the other Party or any other Person, (iii) Use Parties reserve the right, in their sole and absolute discretion, to reject any and all proposals and to terminate discussions and negotiations with the other Party at anytime, and (iv) neither Party shall have any claims whatsoever against the other Party or any of its directors, officers, shareholders, owners, affiliates or agents arising out of or relating to a possible Transaction with the other Party (other than those as against the parties to a definitive Transaction Agreement in accordance with the terms thereof).

11. This Agreement shall inure to the benefit of and be binding upon LAUNCH and Yahoo and their respective successors and permitted assigns.

12. The Parties agree that LAUNCH and Yahoo would be irreparably injured by a breach of this Agreement by the other Party or its Representatives and that the other Party shall be entitled to equitable relief, including injunctive relief and specific performance, in the event of any breach of the provisions of this Agreement. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Agreement by either Party or their Representatives, but shall be in addition to all other remedies available at law or in equity.

13. The Parties also hereby irrevocably and unconditionally consent to submit to the exclusive jurisdiction of the courts of the State of California for any actions, suits or proceedings arising out of or relating to this Agreement and the Transactions contemplated hereby (and the Parties agree not to commence any action, suit or proceeding relating thereto except in such courts), and further agree that service of any process, summons, notice or document by U.S. registered mail to the other Parties address set forth below shall be effective service of process for any action, suit or proceeding brought in any such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this agreement or the Transaction contemplated hereby, in the courts of the State of California or the United States of America located in the State of California, and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

14. All notices required to be provided pursuant to this Agreement shall be addressed and shall be sent either by overnight delivery by a courier of national reputation (e.g. Federal Express) or by confirmed facsimile with the original sent either by overnight delivery or by U.S. mail and a copy sent by e-mail to:

In the case of Yahoo:

Yahoo! Inc.
3420 Central Expressway
Santa Clara, California 95051
Attention: Senior Vice President Corporate Development
e-mail: *ellen@yahoo-inc.com*
Fax: (408) 328-7939

with a copy to:

Yahoo! Inc.
3420 Central Expressway
Santa Clara, California 95051
Attention: General Counsel
e-mail: *jplace@yahoo-inc.com*
Fax: (408) 328-3400

In the case of LAUNCH:

Launch Media Inc.
2700 Pennsylvania Avenue
Santa Monica, California 90404
Attention: President
e-mail: *bobr@launch.com*
Fax: (310) 526-4401

With a copy to:

Gray Cary Ware & Froldenrich LLP.
400 Hamilton Avenue
Palo Alto, California 94301-1825
Attention: Jim Koshland
e-mail: *jkoshland@graycary.com*
Fax: (650) 323-6689

15. No failure or delay by either Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other further exercise of nay right, power or privilege hereunder.

16. Any assignment of this Agreement by LAUNCH or Yahoo without the prior written consent of the other Party shall be void.

17. This Agreement shall terminate three years from the date hereof; provided, however, that the obligations of confidentiality with respect to any information provided during the term of this agreement shall continue until such Information is not longer subject to such obligations pursuant to Section 6.

18. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, without reference to provisions concerning conflicts of laws.

19. This Agreement contains the entire agreement between the Parties concerning the confidentiality of the Information and related matters and shall be deemed to supersede all prior agreements between the Parties relating thereto, and no modifications of this Agreement or waiver of the terms and conditions hereof shall be binding upon the Parties unless approved in writing by each of LAUNCH and Yahoo.

This Agreement is effective as of the date set forth above.

Sincerely,

Yahoo! Inc.

By: /s/ DAVID MANDELBROT

Name: David Mandelbrot
Title: Director of Business Development, Media

Agreed to as of the date set forth above:

LAUNCH Media, Inc.

By: /s/ ROBERT ROBACK

Name: Robert Roback
Title: President

QuickLinks

CONFIDENTIALITY AGREEMENT

July 2, 2001

Robert Roback
Launch Media, Inc.
2700 Pennsylvania Avenue
Santa Monica, California 90404

Dear Robert:

Reference is made to the Confidentiality Agreement (the "Confidentiality Agreement") dated April 27, 2000 between Launch Media, Inc. ("Launch") and Yahoo! Inc. ("Yahoo!"). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Confidentiality Agreement. By executing this letter, Launch and Yahoo hereby confirm that Information exchanged by the parties subsequent to the execution of the Agreement and Plan of Merger dated June 27, 2001 by and among Yahoo!, Jewel Acquisition Corporation and Launch is provided in the course of the evaluation of the Transaction, constitutes Provided Information and is subject to the terms and conditions of the Confidentiality Agreement.

Very truly yours,

Yahoo! Inc.

By: /s/ David Mandelbrot

David Mandelbrot

Agreed and accepted.

Launch Media, Inc.

By: /s/ Robert Roback

Robert Roback